MINUTES OF MEETING OF THE BOARD OF DIRECTORS
OF UNITED ARTISTS CORPORATION

A regular meeting of the Board of Directors of United Artists Corporation was held at the office of the corporation, 729 Seventh Avenue, New York, Tuesday, January 9, 1945 at 2 P.M.

There were present;-

Charles P. Blinn, Jr.
Isaac A. Pennypacker
E. Claude Mills
Rex Dennant
Gradwell L. Sears
Edward C. Raftery

constituting a quorum.

There was also present Harry J. Muller, Assistant Secretary of the corporation.

Mr. Raftery acted as Chairman and Mr. Muller acted as Secretary.

1. NOTICE OF MEETING

The meeting was called pursuant to telegraphic notice attached to these minutes.

2. MINUTES OF PREVIOUS MEETINGS

The minutes of the November 22nd and December 12th, 1944 meetings were heretofore sent to all directors and stockholders and, upon motion duly made, seconded and unanimously carried, said minutes were approved.

3. RAW STOCK

Mr. Sears explained what occurred at the meeting held last week in Washington of the Industry Advisory Committee at the War Production Board and the fact that United Artists Corporation was allotted for the first quarter of 1945 13,964,339 feet although its requirements are approximately

40,000,000 feet. The Chairman read a telegram from Vanguard Films, Inc. concerning its raw stock requirements in connection with its anticipated production program. The Chairman also read a request from Charles Chaplin concerning his raw stock requirements. Mr. Sears read the cable he sent to Mr. Rank on the subject of raw stock. There was considerable discussion concerning the raw stock situation.

4. HOLLYWOOD THEATRE LEASES

The Chairman stated that in connection with the proposed acquisition of the Vogue Theatre and the Pan Pacific Theatre, the landlord, Mr. Popkin, has refused to go through with this deal although he heretofore agreed with Mr. Blumenfeld on a price of $110,000.

5. SAMUEL BRONSTON

Mr. Sears explained that Mr. Bronston is in financial difficulties and that David Hersh of Ideal Factoring Corporation has stated that he has foreclosed the motion picture "A WALK IN THE SUN" in which Ideal has invested between $900,000 and $1,000,000, which picture is now finished. Mr. Sears also stated that the production of "TEN LITTLE INDIANS" was taken over by Edward Peskay who got Mr. Popkin to provide the money.

6. ADVERTISING AND PUBLICITY DEPARTMENT

The meeting authorized Mr. Sears to take whatever steps he deemed advisable to reorganize the Advertising and Publicity Department.

7. NERO FILMS, INC.

The Chairman stated that under the distribution contract with Nero Films, Inc.for "MAYERLING" photography must begin no later than December 1, 1944. Mr. Nebenzal requests an extension of such date to April 1, 1945.

The Chairman recommended that Management work out the best deal it can and at the same time protect Miss Pickford. The meeting concurred in this recommendation.

8. OLD WANGER PICTURES

The Chairman stated that he received an inquiry from a prospective purchaser of the old Wanger pictures. Mr. Sears stated that his attitude was still the same as heretofore, namely, that the corporation should not sell such pictures.

9. YEAR END AUDIT

The Chairman explained the steps that had been taken to speed up the audit report for the year 1944.

The meeting then adjourned.

Edward C. Raftery, Chairman

Harry J. Muller, Treasurer

ARTISTS

TELEGRAM

CO.

Send the following message subject to your terms and charge to [illegible] Ave NYC JAN 4,1945

(NIGHT LETTER)

PLEASE SEND THE FOLLOWING MESSAGE VIA WESTERN UNION, TO NAMES AND ADDRESSES AS LISTED BELOW:

!!

Mr. Isaac A. Pennypacker, c/o Pepper, Bodine, Stokes & Schoch, 1225-42 Land Title Bldg. Philadelphia, Pa.

Mr. Chas [illegible], Jr., c/o Publicker Commercial Alcohol Co., 1429 Walnut St., Philadelphia, Pa.

Mr. Neil [illegible] Agnew, Vanguard Films, Inc., 247 Park Ave., New York, N.Y.
Mr. Sydney Chaplin, c/o Chas Chaplin Films Corp., 1416 No LaBrea Ave., Hollywood, Calif.
Mr. Geo L Bagnall, c/o United Artists Corp., [illegible] No Las Palmas Ave., Hollywood, Calif.
Mr. [illegible], c/o [illegible] Co., [illegible] St., New York, N.Y.
Mr. [illegible], [illegible] Fifth Ave., New York, N.Y.

!!!!!!!!!!!!!!!!!!!!!!!!!!

A REGULAR MEETING OF THE BOARD OF DIRECTORS OF UNITED ARTISTS CORPORATION WILL BE HELD ON TUESDAY, JANUARY 9,1945, at 2 P.M. AT THE OFFICES OF THE CORPORATION, AT 729-7th Avenue, New York, City.

[illegible], ASST SECY

[illegible]
[illegible]

MINUTES OF MEETING OF THE BOARD OF DIRECTORS OF UNITED ARTISTS CORPORATION

A regular meeting of the Board of Directors of United Artists Corporation was held at the office of the corporation, 729 Seventh Avenue, New York, New York, Monday, March 19, 1945 at 11 A.M.

There were present:-

Neil F. Agnew
Charles P. Skouras, Jr.
George L. Bagnall
H. Claude Mills
Rex Dennant
Isaac A. Pennypacker
Edward C. Raftery

constituting a quorum.

There was also present Harry J. Muller, Assistant Secretary of the corporation.

Mr. Raftery acted as Chairman and Mr. Muller acted as Secretary.

1. NOTICE OF MEETING

The meeting was called pursuant to telegraphic notice attached to these minutes.

2. READING OF PREVIOUS MEETING

Because the minutes of the January 9th, 1945 meeting were sent to all directors and stockholders, upon motion duly made, seconded and unanimously carried, the reading of said minutes was dispensed with.

3. RAW STOCK

The Chairman explained that Mr. Bagnall and he attended a private meeting with Mr. Adams in Washington on Thursday, March 15th, and on Friday, March 16th, Mr. Agnew and he attended a public meeting in Washington of the Industry Advisory Committee. At these meetings he learned that Mr. Adams has

taken away from United Artists Corporation all allocation of film for the second quarter. He has also taken away from R.K.O. 6,000,000 feet of film which had previously been used by various independent producers distributing through R.K.O. so that the R.K.O. allotment for the second quarter was cut to 21,000,000 feet against 27,000,000 feet previously. Independent producers releasing through Paramount, Monogram and Producers Releasing Corporation have been removed from the status of independent, leaving United Artists Corporation and R.K.O. as the only distributing companies distributing independent product. Those producers who qualify as independent producers will receive sufficient new stock to make from one to four pictures a year. The maximum that any of our producers will receive in 1946 will be sufficient stock for three pictures. This is based upon their previous use of stock and their continuity in business. Mr. Adams has taken large quantities of film away from other distributing companies to be used as an independent stock pile. He has built this stock pile up to about 10,000,000 feet per quarter. About 30,000,000 feet will be available for the independents per quarter, which is approximately 10,000,000 feet more than in the first quarter. Mr. Adams is asking for statements from all producers showing use of new stock in the past, going back to 1941, as well as a forecast every thirty days of needs for next twelve months and a request for each quarter. Mr. Adams stated that he will be a bit elastic in emergencies. The Chairman stated that he told the Industry Advisory Committee that he wanted its records to show that United Artists Corporation has been a distributor for many years and is entitled to film in its own right. The Industry Advisory Committee prepared a resolution requesting that the F.E.A. grant no film to foreign countries for commercial purposes. Production of new stock in this country cannot be increased because the manufacturing plants are now operating at capacity. However, there is a plant in France which is in good condition and if it can get started should provide

considerable film.

4. LESTER COWAN

The Chairman stated that Lester Cowan had recently appointed George Schaefer as his Producer's Representative; that Cowan had previously complained about our distribution of TOMORROW THE WORLD and we in turn had complained of the unsatisfactory manner in which his contracts had been handled. Mr. Schaefer made an examination of over 400 contracts that had been previously rejected by a former representative and had approved of them. The Chairman then read to the meeting a wire Mr. Leserman had received from Mr. Cowan as follows:

> "Am relieved happy and grateful to learn from George that practically all contracts submitted satisfactory and represent good selling and you know am sorry I permitted myself to be influenced toward any doubts and premonitions about your organization. However producers who know as little as I about distribution are always acceptable. Would you be good enough to suggest appropriate way for me to express my appreciation and confidence to the members of your sales organization particularly Gold, Unger and Lazarus. Sincerely. Lester Cowan."

5. FINANCIAL REPORTS

There were then distributed to the directors present the following reports:-

1. Estimated World-Wide Profit and Loss for the 52 weeks ending December 30, 1944.

2. Condensed Operating Statement (Foreign Only) for the 52 weeks ending December 30, 1944.

3. Monthly Cabled Report for the 52 weeks ending December 30, 1944.

4. Estimated World-Wide Profit and Loss for the four weeks ending January 27, 1945.

5. Condensed Operating Statement (Foreign Only) for the four weeks ending January 27, 1945.

6. Monthly Cabled Report for the four weeks ending January 27, 1945.

7. Tentative Consolidated Balance Sheet and Tentative Consolidated Income Statement as at December 2, 1944. (With certain exceptions).

8. Tentative Consolidated Balance Sheet and Tentative Consolidated

Income Statement as at December 30, 1944. (With certain exceptions).

There was considerable discussion concerning these statements and the future expectancies. The Chairman stated that he expected the corporation would gross in 1945 domestically $22,000,000.

6. DEATH OF MRS. PAUL LAZARUS

The Chairman reported the death on March 15th of Mrs. Paul Lazarus, the wife of the Head of our Contract Department. Mr. Agnew moved that the Board draft a resolution of sympathy to be sent to Mr. Paul Lazarus. This motion was seconded by Mr. Pennypacker and carried unanimously. The resolution is annexed to these minutes.

7. DOMESTIC AND FOREIGN BACKLOGS

There were then distributed to the directors present the following statements:

a. Domestic Backlog at February 10, 1945 (based on pictures currently in release without taking forthcoming productions into account).

b. Foreign Department Backlog at January 1, 1945 (based on pictures which have been actually delivered to United Artists Corporation for foreign distribution).

8. REPORT ON PICTURES

Mr. Bagnall distributed to the directors present a list of pictures contemplated during the balance of 1945. He stated that he considered it reasonably certain that 22 of the pictures listed would actually be made. He indicated that the 22 pictures would be:-

Arnold Productions (Pressburger)
VIDOCQ (George Sanders)

Benedict Bogeaus
HERE COMES LONA HENRY (to co-star Loretta Young)

Cagney Productions, Inc.
STRAY LAMB

Charles Chaplin
MONSIEUR BLUEBEARD

Preston Sturges
THE SIN OF HENRY DIDDLEBOK

Sol Lesser
PARIS CANTEEN
SILVER FLAME

Jules Levey
TRAIL TOWN (Randolph Scott)

David Loew
Untitled

Nero Productions (Nebenzal)
WHISTLE STOP

Mary Pickford
ONE TOUCH OF VENUS

Charles R. Rogers
ANGEL ON MY SHOULDER

David Selznick
DUEL IN THE SUN
NOTORIOUS
SOME MUST WATCH

Greentree Productions (Skirball)
GENIUS IN THE FAMILY

Edward Small Productions
GETTING GERTIE'S GARTER
GHOST OF MONTE CRISTO
VALENTINO or BELLADONNA

Andrew Stone Productions
SENSATIONS

Hunt Stromberg
YOUNG WIDOW
DISHONORED LADY

The Chairman stated that the following pictures were delivered:

BREWSTER'S MILLIONS
DELIGHTFULLY DANGEROUS
BEDSIDE MANNER
THE GREAT JOHN L
HOLD AUTUMN IN YOUR HAND
IT'S IN THE BAG
GUEST WIFE
BLOOD ON THE SUN (delivered to Pathe Lab. last week. awaiting inserts.)

The Chairman also stated that the following pictures were completed but undelivered:

SPELLBOUND
PARIS UNDERGROUND
G.I.JOE
CAPTAIN KIDD

The Chairman also stated that the following pictures were actually shooting at the present time:

YOUNG WIDOW
DUEL IN THE SUN
GETTING GERTIE'S GARTER

The three pictures listed as in the shooting stage were part of the list of 22 pictures referred to by Mr. Bagnall.

9. REPORT ON ALL PRODUCERS UNDER CONTRACT AND THEIR FUTURE COMMITMENTS

The Chairman reported with respect to each of the producers as follows:

CAGNEY PRODUCTIONS, INC.

The contract provides for a minimum of nine pictures and a maximum of fifteen over a period of not less than three nor more than five years, beginning March 9, 1943. Thus far two pictures have been delivered - JOHNNY COME LATELY and BLOOD ON THE SUN. No problem.

EDWARD SMALL PRODUCTIONS, INC.

The contract expires September 8, 1945. The latest amendment provides for not less than two pictures nor more than six per year starting July 1, 1943 at Sliding Scale terms for United States, Canada and England and standard terms for the rest of the world, provided the average cost per picture is $600,000. WP IN MABEL'S ROOM, ABROAD WITH TWO YANKS and BREWSTER'S MILLIONS were delivered under this arrangement and Mr. Small has stated that the costs now on his books of two of these pictures is very close to $600,000. The Chairman stated that he told Mr. Small's representative, Mr. Walker, that he would not recommend any better terms than 25% in the United States, Canada and England

and standard terms for the rest of the world. Mr. Adams stated that he will allow Mr. Small three pictures per year. Mr. Bagnall moved that the proper officers be authorized to enter into negotiations with Mr. Small for a distribution contract covering not less than one nor more than three pictures per year for a period of two years, on 25% terms for United States, Canada and England and standard terms for the rest of the world. Mr. Mills seconded the motion and it was carried unanimously.

GREGOR RABINOVITCH

This contract provides for a picture to be delivered by May 1, 1945. Since Mr. Rabinovitch has not yet started production on this picture it is obvious that he cannot deliver. Mr. Mills moved that inasmuch as Mr. Rabinovitch will not have fulfilled his contract by May 1, 1945, United Artists Corporation should terminate the contract. Mr. Agnew seconded the motion and it was carried unanimously.

AMERICAN INDUSTRIAL CORPORATION (Ben Bogeaus)

Mr. Bogeaus has delivered two pictures and has one more to deliver.

WARWICK PICTURES, INC.

Of the second series of twelve World In Action shorts, nine have thus far been delivered. These shorts are made by the Canadian Government. Mr. Mills moved that if the Canadian Government requests a renewal, Management be authorized to renew on the same terms as at present, which are 65-35 for the United States. Mr. Dennant seconded the motion and it was carried unanimously.

WALT DISNEY PRODUCTIONS

Under the contract one feature picture cartoon may still be delivered to us if the characters used in the cartoon are other than the present Disney characters.

VANGUARD FILMS, INC.

SINCE YOU WENT AWAY and I'LL BE SEEING YOU have been delivered. SPELLBOUND is completed but undelivered. DUEL IN THE SUN has started shooting.

The terms have not yet been finally agreed upon. The contract provides for a minimum commitment of five pictures and VANGUARD has the option one week after delivery of the fifth picture to agree to make for us five further pictures.

CHARLES CHAPLIN

Contract expires September 2, 1945.

THE PICKFORD CORPORATION

Contract expires September 2, 1945.

JACK SKIRBALL

Under a contract in the name of Manhattan Productions, Inc., IT'S IN THE BAG was delivered. Under a contract in the name of Greentree Productions, Inc., GUEST WIFE was delivered.

ANGELUS PICTURES, INC.

SUMMER STORM delivered and Angelus Pictures, Inc. dissolved. This Board authorized a distribution contract with Dr. Brettauer's new company, Angelus Productions, Inc. but this contract has not been signed. Mr. Bagnall moved that the corporation withdraw the proposed contract with Dr. Brettauer's company and so advise Dr. Brettauer. Mr. Mills seconded the motion and it was carried unanimously.

NERO FILMS, INC.

Two contracts, one covering MAYERLING to be delivered by March 1, 1945; the other covering two pictures, one to be delivered by September 1, 1945 and the other by March 1, 1946. Mr. Pennypacker moved that as to MAYERLING a default be declared and Nero Films be so notified. Mr. Mills seconded the motion and it was carried unanimously.

ANDREW STONE PRODUCTIONS, INC.

The contract covers the picture HI DIDDLE DIDDLE and two pictures during the year ending August 31, 1944, plus five successive options to extend agreement for another year and for the same number of pictures. In addition

to HI DIDDLE DIDDLE, the producer has delivered SENSATIONS OF 1945 and BEDSIDE MANNER. The Chairman stated that Mr. Adams has declared this producer to be a one picture producer. The Chairman stated that we must take up this producer's option for the next year if we still want him and Management wants him. Mr. Mills moved that Management be authorized in its discretion to accept the option to extend the agreement for another year. Mr. Pennypacker seconded the motion and it was carried unanimously.

JULES LEVEY

Mr. Levey has delivered one and this contract has two years to go.

MASTER PRODUCTIONS, INC. (Sol Lesser)

This contract covers the picture THREE IS A FAMILY which has been delivered. Mr. Lesser would like a two picture a year deal for two or three years. Mr. Mills moved that Management be authorized to make a distribution contract covering not less than one nor more than three pictures per year at terms of 75-25 for United States, Canada and England and standard terms in other foreign territories for not more than three years. Mr. Pennypacker seconded the motion and it was carried unanimously.

SAL KAY CORPORATION

This Streamliner contract has expired.

BING CROSBY PRODUCTIONS, INC.

The present contract covers "THE GREAT JOHN L" which has been delivered at 72½-27½ terms. Upon the recommendation of Management, Mr. Mills moved that Vice-President George Bagnall be authorized to negotiate and consummate a one picture deal on the same terms and conditions as the last one. Mr. Mills seconded the motion which was carried unanimously.

PRODUCING ARTISTS, INC.

This contract covers not less than one picture nor more than three during each year of a three year period commencing April 1, 1944 at standard 75-25 terms. David Loew has been in this situation. One picture was

delivered to us under this contract, namely, HOLD AUTUMN IN YOUR HAND. David Loew wants to sever his connections with Producing Artists, Inc. and make a contract with us for a minimum of one and a maximum of two pictures with a starting date on the first picture toward the end of this year. Mr. Agnew moved that we grant to David Loew a distribution contract providing for a minimum of one and a maximum of two pictures per year for a period of two years at 75-25 standard terms. Mr. Dennant seconded the motion and it was carried unanimously.

Arthur Lyons is one of the principal owners of Producing Artists, Inc. Mr. Lyons claims he has $600,000 of end money and he wants to make pictures. Messrs. Raftery and Bagnall do not believe that he can get any raw stock. This matter was tabled for a later meeting.

LESTER COWAN PRODUCTIONS, INC.

Has completed its commitment in that G.I.JOE is practically ready for delivery. No action was taken.

HUNT STROMBERG

Mr. Bagnall explained that Mr. Stromberg is selling all his stock in GUEST IN THE HOUSE, INC. which owns the motion picture "GUEST IN THE HOUSE" to three corporations. For the stock which cost him $15,000 he receives $415,000, namely $115,000 in cash and $300,000 in notes. In the event a gross of $2,225,000 world-wide is not reached, Mr. Stromberg must make certain rebates to the buyers. However, irrespective of world gross and the agreement to rebates, Mr. Stromberg would be left with a profit of not less than $50,000. We have a 25% interest in the profits of the first five Stromberg pictures, of which this is one and therefore Mr. Stromberg requests that we consent to this arrangement. Mr. Lowell Calvert, who is Mr. Stromberg's representative, would irrevocably continue as representative of this picture. Mr. Agnew moved that we execute the necessary approvals provided the United Artists Corporation's

collateral position is protected and provided Mr. Calvert is irrevocably authorized to continue as producer's representative of this picture. Mr. Mills seconded the motion, which was unanimously carried.

SAMUEL BRONSTON

Mr. Bronston recently suffered a stroke and is temporarily paralyzed. However, he expects to come to New York in the near future. The Lewis Milestone picture, A WALK IN THE SUN was foreclosed by the financial backers of this picture. It is possible for us to make a distribution deal with the people who foreclosed this picture. Mr. Bronston is working on a deal whereby he may re-acquire the picture. Mr. Mills moved that the matter be tabled pending further information. Mr. Agnew seconded the motion and it was carried unanimously.

With respect to Mr. Bronston's picture, THE LITTLE INDIANS, this was produced by Edward Peskay and the financial backer, Mr. Popkin. Twentieth Century-Fox is to distribute this picture but there is no raw stock available for it.

CONSTANCE BENNETT

PARIS UNDERGROUND is made. No problem.

GENERAL FILM DISTRIBUTORS, LTD.

The British Pictures.

ARNOLD PRESSBURGER

VIDOCQ. No problem.

PRESTON STURGES

Mr. Agnew stated that he understood that we would accept "THE OUTLAW" for distribution provided it received a Code Seal without any cuts or eliminations. The Chairman explained that there was one distribution contract with Hughes Tool Company covering THE OUTLAW and a separate distribution contract with California Productions covering two Preston Sturges pictures, and under the contract covering THE OUTLAW we would have to accept the picture

for distribution if the cuts required by censors were within reason and left the picture with a continuity of story.

PRODUCERS CORPORATION OF AMERICA (Sig Schlager)

This corporation made KNICKERBOCKER HOLIDAY. It requests permission to sell the 16 mm. rights. It appears that the bank will be short about $25,000 of recovering its loan and any additional money received for 16 mm. rights will help to reduce this shortage. Mr. Mills moved that we cooperate in this matter. Mr. Agnew seconded the motion and it was carried unanimously. This corporation had a deal for five pictures and it expired January 1, 1945. It has spent considerable money with respect to future pictures and Mr. Bagnall believes that it might be wise for us to extend the present contract to cover one picture to discharge a possible moral obligation. The producer can probably get raw stock for one picture. Mr. Bagnall moved that the proper officers of the corporation be authorized to extend this agreement for one picture to December 31, 1945 provided all the approvals now in the existing contract are retained in the extended contract. Mr. Agnew seconded the motion and it was carried unanimously.

EDWARD GOLDEN

Has taken into open partnership his former silent partner Sam Dembow. They are desirous of making a distribution contract with us to cover BREAKFAST IN HOLLYWOOD and THE LIFE OF SAMUEL GOMPERS. One picture would be made in 1945 and the other in 1946, United Artists Corporation to have approval of cast, etcetera. After considerable discussion, Mr. Mills moved that the corporation enter into a distribution contract with Edward Golden and Sam Dembow or their corporation for a picture to be based upon the radio program formerly known as BREAKFAST AT SARDI'S, now known as BREAKFAST IN HOLLYWOOD, to star or feature Tom Breneman, United Artists Corporation to have cast and story approval, on the 27½% plus standard terms. Mr. Dennant seconded the motion and it was carried unanimously.

SAM BRISKIN - FRANK CAPRA

After discussion, Mr. Mills requested that Management keep in close touch with this situation.

10. PRODUCER EXTENSION AGREEMENTS

Because of footage restrictions, many of the producers may not be able to meet either their starting dates or their delivery dates. Management was instructed to take such steps as were necessary to make sure that the company did not lose any product because of the Governmental restrictions on footage and were authorized on behalf of the company to execute such extension of date documents as would be necessary to protect the corporation's rights.

11. UNITED ARTISTS THEATRE, SAN FRANCISCO

The Chairman reported receipt of a check from United Artists Theatre of San Francisco of $20,000 on account of the profits of this theatre. He also stated that the corporation has a Franchise Agreement with this theatre which expires September 9, 1945. The terms are on a sliding scale basis running as high as 50%. In addition to United Artists product, the theatre also uses some Columbia and some Universal product for second features. Joe Blumenfeld has control of the management of the theatre. The United Artists Corporation also has a partnership arrangement covering the Tower Theatre of Los Angeles, which is likewise under the management of Mr. Blumenfeld. The Chairman requested an expression from the Board as to whether or not the corporation should go along with Mr. Blumenfeld and try to set up the situation in Los Angeles and endeavor to get our producers to go along with Mr. Blumenfeld. After discussion, Mr. Pennypacker moved that it is the sense of the Board that a Franchise should be offered for the two theatres, namely the one in San Francisco and the one in Los Angeles, to incorporate in it as many of our producers as possible, provided a day and date suitable outlet can be secured in Hollywood to supplement Los Angeles. Mr. Mills seconded the motion and it was carried unanimously.

12. GOVERNMENT SUIT

The Chairman reported that the Government is proceeding with the United States vs. Paramount matter. He is trying to get the Government attorney Bob Wright to eliminate us as defendants as well as Columbia and Universal. Mr. Wright stated that he would only let us out if we would agree to be bound by whatever decree is entered against the Big Five. Therefore we must defend the case. The Chairman stated that he will represent us in this suit. He wants to hire one good lawyer to prepare our case for us. He wishes to increase the present retainer of $2,000 per week of O'Brien, Driscoll and Hoffman in order to cover this extra expense. He estimates that this extra expense will run about $300. per week. However, he requested that no action be taken until he finishes his and he will then probably contact the directors by telephone.

In connection with this law-suit, Mr. Agnew reported that Harris Trust is preparing a brief for S.I.&.P.P. as amicus curiae.

13. TRADE ASSOCIATIONS

After discussion, Mr. Mills moved that Management be directed to submit the corporation's resignation to the Motion Picture Producers and Distributors of America as provided in the Articles of Association, that the corporation make no public announcement and do no act that will embarrass the Motion Picture Producers and Distributors Association. Mr. Agnew seconded the motion and it was carried unanimously.

Mr. Bliss moved that the President of United Artists Productions, Inc. take the necessary action to become a member of the Society of Independent Motion Picture Producers provided S.I.&.P.P. will accept United Artists Productions, Inc. as a member in lieu of United Artists Corporation and in the event that this action cannot be taken, that then the United Artists Corporation first resign as a member and then have United Artists Productions, Inc. become a member, the membership of United Artists Productions, Inc. to be subject to same conditions as the membership of United Artists Corporation was accepted, to wit: That at no time shall the

dues, fees or assessments be increased without the consent of United Artists Productions, Inc. Mr. Mills seconded the motion and it was carried unanimously.

14. BANK SIGNATURES

Upon motion duly made, seconded and unanimously carried, it was

RESOLVED: That until further notice of this Board, all checks or other instruments for the withdrawal of funds from the various bank accounts of the United Artists Corporation shall be signed by Harry J. Muller and countersigned by either Edward L. Raftery, Gradwell L. Sears, Harry D. Buckley, Herbert Reiner or Paul D. O'Brien, and the President or Treasurer, Secretary or Asst. Secretary of this company is directed and empowered to furnish the Banks with copies of this Resolution, necessary signature cards and any other documents required to effectuate strictly the purpose of this Resolution.

After a discussion of Mr. Sears' health, the meeting adjourned.

Edward L. Raftery
Edward L. Raftery, Chairman

Harry J. Muller
Harry J. Muller, Secretary

RESOLVED, that the Board of Directors of this Corporation, on behalf of its owners, officers and employees, extend their sincere sympathy to Mr. Paul Lazarus, a valued employee of long standing, on the loss of his beloved wife, Hattie W. Lazarus.

UNITED ARTISTS CORP 729-7th Ave NY MARCH 13,1945

PLEASE SEND FOLLOWING NIGHT LETTER TO FOLLOWING LIST OF NAMES AND ADDRESSES.

::::::::::::::::::::::::::::::

Mr Isaac A. Pennypacker, c/o Pepper Bodine Stokes & Schoch,
2225-42 Land Title Bldg., Philadelphia, PA.
Mr. Chas P Skinn, Jr., c/o Publicker Commercial Alcohol Co.,
1429 Walnut St., Philadelphia, PA.
Mr. Neil F. Agnew, c/o Ambassador Hotel, Los Angeles, Calif.
Mr. Sydney Chaplin, c/o Chas Chaplin Films Corp., 1416 No La Brea Ave.,Hollywood,Calif
Mr. Sex Dennant, c/o Eliel & Loeb Co., 60 East 42nd St., New York, N.Y.
Mr. E. Claude Wills, 630 Fifth Ave., New York, N.Y.

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A REGULAR MEETING OF THE BOARD OF DIRECTORS OF UNITED ARTISTS CORPORATION

WILL BE HELD ON MONDAY, MARCH 19,1945, AT 11 A.M., AT THE OFFICES OF THE

CORPORATION AT 729 SEVENTH AVENUE, NEW YORK CITY.

HARRY J MULLER, ASST SECTY

CC BY HAND TO
MESSR G L SEARS
GEO L BINGHALL, E C RAFTERY

MINUTES OF MEETING OF THE BOARD OF
DIRECTORS OF UNITED ARTISTS CORPORATION

A regular meeting of the Board of Directors of United Artists Corporation was held at the office of the corporation, 729 Seventh Avenue, New York, New York, Tuesday, April 10, 1945 at 2 P.M.

There were present:-

Neil F. Agnew
Charles P. Blinn, Jr.
Isaac A. Pennypacker
E. Claude Mills
Rex Dennant
Edward C. Raftery

constituting a quorum.

There was also present Harry J. Muller, Assistant Secretary of the corporation.

Mr. Raftery acted as Chairman and Mr. Muller acted as Secretary.

1. NOTICE OF MEETING

The meeting was called pursuant to telegraphic notice attached to these minutes.

2. MINUTES OF PREVIOUS MEETING

The Chairman explained that Mr. Mills wrote a letter in which he suggested that an identification be given of the official capacity of Mr. Adams referred to in paragraph 3 of the minutes of the previous meeting and that the initials F.E.A. mentioned in the same paragraph be expanded. The Chairman explained that the Mr. Adams referred to is Mr. Stanley B. Adams whose official duty is Head of Consumers Durable Goods of War Production Board, Washington, D.C. One of the branches in the Consumers Durable Goods is the Motion Picture Division. F.E.A. referred to in the same paragraph is the Federal Economic Administration, better known as the Lend-Lease Administration. Mr. Mills moved that with these corrections the minutes of

the last meeting be approved. Mr. Blinn seconded the motion and it was carried unanimously.

3. RAW STOCK

The Chairman reported that Mr. Stanley B. Adams has now divided the independent producers into priority groups. In Group 1 he has placed David Loew, Sol Lesser and Edward Small because they have produced with the greatest consistency. In the second group he has placed Hunt Stromberg, Jack Skirball, Seymour Nebenzal, Andrew Stone, Charles Rogers, James Cagney, Benedict Bogeaus, Jules Levey, Edward Golden and Arnold Pressburger. In Group 3 he has placed Mary Pickford, Charles Chaplin, Vanguard Films and/or David O. Selznick, Lester Cowan, Sig Schlager and Bing Crosby Productions. In the fourth group he has placed Constance Bennett on her future productions. There is enough stock available to take care of the first three groups. In the first group, David Loew is allowed one picture, Sol Lesser two and Edward Small three. In the second group, Hunt Stromberg is allowed one picture, Jack Skirball two, Seymour Nebenzal one, Andrew Stone one, Charles Rogers one, James Cagney one, Benedict Bogeaus one, Jules Levey one, Edward Golden one and Arnold Pressburger one. In the third group, Sig Schlager and Bing Crosby Productions are to be allowed one picture each. Miss Pickford is to get 5,000,000 feet for one picture provided it is in technicolor. Charles Chaplin is to be allowed raw stock at the rate of 250,000 feet per allocation up to 1,200,000 feet upon his written application. After completion of picture they will give him enough positive for 385 prints plus foreign prints. David O. Selznick or Vanguard will be allotted 15,000,000 feet provided there is that amount available in the Group 3 priority. However, there is to be a ceiling of three pictures. British film is in the same position as before. If there is anything left over after Groups 1, 2, 3 and 4 they will get film.

Mr. Adams stated further that he would not have the facility to police the allocation of film used by United Artists producers. Therefore, he arranged with Mr. Raftery to have our employee, Earl Denison, go out to California to keep records pertaining to raw stock. Mr. Denison will keep a daily running record of the film used in production each day. Every time an application is made, a certification must be given showing the footage and other pertinent data. Mr. Denison will also try to set up a music and effects library. In answer to a question concerning the relationship between producer and United Artists Corporation with respect to raw stock, the Chairman explained that all allocation of film has been taken away from United Artists Corporation and the producers have all made applications directly for their own raw stock allotments.

4. DOMESTIC AND FOREIGN BACKLOGS

There were then distributed to the directors present the following

Domestic Backlog at March 24, 1945 (based on pictures currently in release without taking forthcoming productions into account).

Foreign Department Backlog as at March 5, 1945 (based on pictures which have actually been delivered to United Artists Corporation for foreign distribution).

In answer to an inquiry the Chairman stated that he estimated that the domestic gross for the year 1945 would be $22,000,000.

5. BREWSTER'S MILLIONS

The Chairman reported that BREWSTER'S MILLIONS had been banned in Memphis, Tenn. and in connection therewith the Chairman read a telegram which was signed by Elmer Rice, Chairman National Council on Freedom from Censorship and by John Haynes Holmes, Chairman of Board of American Civil Liberties Union.

6. FINANCIAL REPORTS

There were then distributed to the directors present the following reports:

Estimated World-Wide Profit and Loss for the Nine Weeks ending March 3, 1945.

Condensed Operating Statement (Foreign only) for the Nine Weeks ending March 3, 1945.

Monthly Cabled Report for the Nine Weeks ending March 3, 1945.

In answer to an inquiry, the Chairman stated that he estimated the foreign gross for the year 1945 would be $12,000,000 and the world-wide profit $2,000,000.

7. SAM BRISKIN - FRANK CAPRA

The Chairman stated that he has had meetings with Sam Briskin who is associated with Frank Capra. Mr. Briskin advised him that Mr. Capra is about to come out of the Army and he is negotiating with Joe Rosenberg of Bank of America for a revolving credit to cover two pictures a year. The willingness or unwillingness of United Artists Corporation to aid in the financing would enter into these negotiations. Mr. Capra will be in California April 26th and the Chairman expects to see him there.

8. ANNUAL STOCKHOLDERS' MEETING

The Chairman stated that Price, Waterhouse & Co. promised the world-wide audit report by May 15, 1945 and he suggested May 22nd as the date of the Annual Meeting of Stockholders at 11 A.M., the Directors meeting in the afternoon of the same day. Mr. Mills moved that the Annual Meeting of Stockholders be held May 22, 1945 at 11 A.M. at the offices of United Artists Corporation, 729 Seventh Avenue, New York, N.Y. Mr. Dunnant seconded the motion and it was carried unanimously.

9. EDWARD SMALL PRODUCTIONS, INC.

The Chairman reported that the Edward Small contract expires September 8, 1945. Mr. Small has a shooting schedule set up which includes GETTING

GRETTA'S GARDEN and a second picture called THE GHOST OF MONTE CRISTO. He is in Priority Group 1 and has all footage needed for these pictures. He has requested us to extend his present distribution arrangement for a period of 45 days so that he may deliver these pictures but no others during that period. The Chairman recommended that the extension be granted. Mr. Mills moved that the present Small contract be extended for 45 days from the present expiration date. Mr. Agnew seconded the motion and it was carried unanimously.

10. POWER THEATRE - Los Angeles

The Chairman reported that he received from Loyd Wright documents in connection with the Power Theatre, Los Angeles, consisting of a proposed agreement of partnership by and between Joseph Blumenfeld, Dennis J. McSorley and United Artists Corporation and proposed contract engaging Joseph Blumenfeld to manage and operate the theatre for the period of partnership, his compensation to be 3% of the gross receipts, on the same terms and conditions as his employment in the San Francisco operation and that Management recommends that these documents be signed by United Artists Corporation. Mr. Mills moved that the Board authorize the signing of the proposed agreement of partnership and the proposed employment contract, subject to approval of counsel as to form and content. Mr. Pennypacker seconded the motion and it was carried unanimously.

11. NOTICE OF PROPOSED DISTRIBUTION CONTRACTS

Mr. Pennypacker asked whether it would be possible for Management when it has contracts of distribution to propose to give to each director in advance a statement of the particulars so that they may have them down in writing in understandable form before the meeting. After discussion, Mr. Pennypacker moved that if any distribution proposition is brought up before any meeting without all directors having had five days previous notice of the details any

director shall be free to request No Vote at that meeting on that particular proposition. Mr. Mills seconded the motion and it was carried unanimously.

12. SAM BRISKIN - FRANK CAPRA

Mr. Pennypacker stated that in connection with any question of financing Frank Capra, he is dubious about the propriety of supplying cash from the funds of the corporation for reasons which have been discussed before. The Chairman stated that it was not proposed to supply cash to Capra from the funds of the corporation.

The meeting then adjourned.

Edward C. Raftery, Chairman

Harry J. Muller, Secretary

WESTERN UNION

A. N. WILLIAMS
PRESIDENT

Send the following telegram, subject to the terms on back hereof, which are hereby agreed to

FOR VICTORY BUY WAR BONDS TODAY

April 5,1945

PLEASE SEND FOLLOWING WESTERN UNION MESSAGE TO NAMES AS LISTED HEREINBELOW:

::::::::::::::::::::::::::::

Mr Isaac A. Pennypacker, c/o Pepper, Bodine, Stokes & Schoch, 2225-42 Land Title Bldg., Phila., PA.

Mr Chas P Skinn,Jr..c/o Publicker Commercial Alcohol Co.,; 1429 Walnut St., Phila., PA.

Mr Neil F Agnew, c/o ~~XXXXXXXXXXXXXXX~~ VANGUARD FILMS INC 400 Madison Ave., N.Y.C.

Mr Sydney Chaplin, c/o Chas Chaplin Films,Inc.1216 No La Brea Ave., Hollywood, Calif.

Mr Rex Dennant, c/o Eliel SLoeb Co., 60 East 42nd St., New York, N.Y.

Mr. P. Claude Mills, 630 Fifth Ave., New York City

Mr. Geo L.Bagnall, United Artists Corp., 1040 No Las Palmas Ave., Los Angeles, Calif.

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A REGULAR MEETING OF THE BOARD OF DIRECTORS OF UNITED ARTISTS CORPORATION WILL BE HELD ON TUESDAY, APRIL 10,1945, at 2 PM, AT THE OFFICES OF THE CORPORATION AT 729 SEVENTH AVENUE, NEW YORK CITY.

HARRY J MULLER, ASST SECTY

CC HF Hand to Mr Sears

CC MR MULLER

COPY

WAIVER OF NOTICE

of

STOCKHOLDERS OF UNITED ARTISTS CORPORATION

We, the undersigned, stockholders of UNITED ARTISTS CORPORATION, do hereby waive any and all notice required by the Certificate of Incorporation and the By-Laws of UNITED ARTISTS CORPORATION, and do consent that the By-Law amendment set forth below may be considered and acted upon at the meeting of the stockholders of UNITED ARTISTS CORPORATION to be held on June 5, 1945, at 11:00 A.M. at the office of the Corporation, 729 Seventh Avenue, New York, New York:

> "Section 4: Organization Meeting and Election of Officers -
>
> The Board of Directors shall meet following the annual election of Directors and other officers at such time and place as may be designated by the stockholders at the meeting at which the directors are elected. At such meeting the Board shall elect and appoint such officers as it shall determine. No notice of such meeting shall be required."

Dated: New York, June 5, 1945.

THE PICKFORD CORPORATION

By (Signed) Isaac A. Pennypacker

VANGUARD FILMS, INC.

By (Signed) Milton Kramer

CHARLES CHAPLIN

By (Signed) Charles Schwartz

HORNE & SHEA

[Approved]

A meeting of the stockholders of United Artists Corporation was held on Tuesday, June 5, 1945 in the New York offices, at 11:15 o'clock, Mr. Edward C. Raftery presiding.

CHAIRMAN RAFTERY: The meeting will now come to order. The first order of business is the election of the Chairman.

MR. CHARLES SCHWARTZ: Don't you want your proxies first?

CHAIRMAN RAFTERY: Under the order of the thing you have to do it the other way.

MR. ISAAC A. PENNYPACKER: Isaac A. Pennypacker, as holder of the proxy for The Pickford Corporation, I nominate and move that Mr. Edward C. Raftery be appointed Chairman of this meeting.

MR. MILTON A. KRAMER: As holder of the proxy for Vanguard Films, Inc., I second the nomination.

... The question was called for and the motion carried ...

CHAIRMAN RAFTERY: The next order of business is the presentation of the proxies to the Assistant Secretary who will act as Secretary of the meeting in the absence of the Secretary. Mr. Muller is the Assistant Secretary.

MR. PENNYPACKER: Isaac A. Pennypacker presents the proxy of the Pickford Corporation dated May 14, 1945 authorizing Isaac A. Pennypacker to vote the stock of that

corporation.

MR. CHARLES SCHWARTZ: I present the proxy of Mr. Charles Chaplin authorizing me to vote the stock of Mr. Chaplin.

MR. KRAMER: I present the proxy of Vanguard Films, Inc. authorizing me to vote the stock of Vanguard Films, Inc.

CHAIRMAN RAFTERY: All of the issued stock of the company is present by proxy. The proxies have been examined by the Secretary of the meeting and ordered placed on file and the meeting will proceed.

The first order of business is the election of Directors for the ensuing year. In order to proceed in accordance with the Delaware law we will require two inspectors of election and the Chair will entertain a motion for the election of two inspectors. We have with us Mr. Buckley and Mr. O'Brien. Unless there is some objection the Chair will appoint Mr. Harry D. Buckley and Mr. Paul D. O'Brien as inspectors of election for this meeting. Is there any objection?

As we proceed under cumulative voting, each of the stockholders present or by proxy may cast their ballots of 12,000 votes for three directors, or in any other manner they may see fit to accumulate same.

... The ballots were cast ...

CHAIRMAN RAFTERY: The Chair will ask Mr. Muller to read the report of the Inspectors of Election.

MR. H. J. MULLER: "The undersigned Harry D. Buckley and Paul D. O'Brien having been duly appointed Inspectors of Election of United Artists Corporation at the Annual Stockholders' Meeting held on June 5, 1945, have faithfully and diligently canvassed the votes cast at said election and hereby report the following results:

Sydney Chaplin

E. Claude Mills

Rex Dennant

Neil F. Agnew

Milton A. Kramer

Phillip F. Siff

Edward C. Raftery

Franklin Cole

Isaac A. Pennypacker

each having received 12,000 votes.

(Signed) Harry D. Buckley

(Signed) Paul D. O'Brien "

CHAIRMAN RAFTERY: The next order of business is the consideration of amendments to the by-laws of the Corporation. Approximately a year ago the charter of the Corporation was amended and there have been inconsistencies in the present by-laws and that amended charter.

The first proposed amendment to the by-laws is

an amendment to Section V of Article II.

MR. SCHWARTZ: Why don't you take all the by-laws as a unit and we can have a vote on them in accordance with the proposals submitted to the meeting?

CHAIRMAN RAFFERTY: It will save a lot of time and I will appreciate it if we could do that. Is there any objection?

MR. PENNYPACKER: It being understood, I suppose, that Article III, Section II will be changed by the insertion at the end of the first sentence of Section II of the words, "provided that such application is so filed not less than 15 days prior to the time therein stated for such meeting."

And that the following un-numbered paragraph relating to special meetings is changed by the deletion of the words, "... or at the office of the Corporation in Los Angeles, California as may ..." and by the insertion in place of the clause stricken out, the words, "unless otherwise directed by the Board of Directors."

Then there is another change we have noted in Article III Section III; the amendment will be altered to read, "Notice of each annual or special meeting of stockholders shall be given to each stockholder on record entitled to vote at such meeting by delivering such notice to him ..." etc., and by striking out the second un-numbered paragraph under Section III -- Mr. President, read the change that you noted relating

to specifications of proposed changes in by-laws.

CHAIRMAN RAFTERY: 'Any special meeting'-- if you start here, strike out the first part of that down to the word 'provided ...'.

MR. PENNYPACKER: May I make a suggestion? In case of any special meeting called for the purpose of amending the by-laws the proposed amendments shall be specified in the notice of the meeting.

CHAIRMAN RAFTERY: That's right.

MR. KRAMER: We want the 10 days.

MR. PENNYPACKER: We have the 10 days preceding.

CHAIRMAN RAFTERY: Notice of any annual or special meeting shall be given 10 days notice.

MR. PENNYPACKER: We will strike out from Section (g) the last two words which are 'and officers'. Is that all right?

CHAIRMAN RAFTERY: That is right.

Gentlemen, there has been furnished to each of the shareholders copies of the present by-laws and the proposed amended by-laws. There has been spread upon the record of this meeting proposed alterations in the proposed amended by-laws. The Chair will entertain a motion to amend the by-laws in the manner set out in the ditto copies as amended in the minutes of this meeting.

MR. PENNYPACKER: I so move.

MR. KRAMER: I second the motion.

... The question was called for...

CHAIRMAN RAFTERY: All those in favor say 'aye'.

MR. SCHWARTZ: I should like, Mr. Chairman, to record a vote against the amendments on behalf of Mr. Chaplin. I have a statement which I have prepared which I should like to have made a part of the minutes of this meeting and I have copies that I should like to present to each of the other stockholders present.

CHAIRMAN RAFTERY: The Chair directs that the copy of Mr. Schwartz's statement be spread upon the minutes.

"At the meeting of the stockholders of this corporation, held May 5, 1944, the stockholders, over the objection of Charles Chaplin, purported to adopt certain amendments to the charter of the corporation, more fully set forth in the minutes of that meeting. What is now contemplated being done is to amend the by-laws to conform to these purported changes made in the charter.

"On behalf of Charles Chaplin, I object to the passage of these amendments upon the same grounds that objection was taken to the amendments to the charter; to-wit, these proposed amendments to the by-laws following the charter amendments are in violation of the agreements outstanding among the stockholders of the company, in violation of the fiduciary obligations owing by the stockholders to each other and of the

relationship existing between them, in violation of the by-laws of the company as now in existence, in violation of the charter of the corporation as it existed prior to the amendments purported to have been made at the meeting held on May 5, 1944, and that the said proposed amendments to the by-laws are contrary to law."

Before announcing the vote on the amendment, is there any objection from any stockholder present to an oral vote such as has been recorded? I do not want it to be said at a later date that we should have voted by ballot. Have you any objection, Mr. Pennypacker?

MR. PENNYPACKER: I have no objection.

MR. SCHWARTZ: I have none.

MR. KRAMER: None.

MR. PENNYPACKER: The record should show that on behalf of the Pickford Corporation and as proxy for it, I voted 4,000 shares for it.

MR. KRAMER: Vanguard Films, Inc. voted 4000 shares for the vote.

CHAIRMAN RAFFERY: The Chair declares the motion carried.

Mr. Schwartz, I believe you had one other matter that you wanted to bring up at this meeting.

MR. SCHWARTZ: If it is proper to bring it up now ---

CHAIRMAN RAFTERY: The only other matter we have is that we give each of you a copy of the financial report.

MR. KRAMER: Do I take it that the Chair rules that the by-laws now being amended are effectiveforthwith?

CHAIRMAN RAFTERY: That is right.

MR. SCHWARTZ: I have prepared a statement, Mr. Chairman, in connection with the distribution charges that have been made on the picture "Since You Went Away". I believe the statement speaks for itself and I should like to have a copy of this statement also incorporated in the minutes of the meeting. I will be very glad to present each of the other stockholders with a copy.

I should like to orally make the request contained in this memorandum that the stockholders take action at this meeting to instruct their Board of Directors to comply with the requests made in this memorandum.

CHAIRMAN RAFTERY: Before any action is taken the Chair would like to make a statement for the record as to the situation.

In the agreement dated as of October 4, 1941, which was executed on the 7th of October, 1941, there appears what is known as the Korda sliding scale. That is a graduated sliding scale ---

MR. SCHWARTZ: May I interrupt you to say, an agreement with whom?

CHAIRMAN RAFTERY: David O. Selznick Productions and United Artists Corporation. After returning to New York it was the view of the executives, particularly Mr. Arthur Kelly of the Foreign Department, that the agreement as drawn could never be operated under without causing great expense to the company. Mr. Kelly prepared the corresponding sliding scale that had to be prepared for each foreign country because the Korda plan called for distribution of the world into subdivisions, and a figure corresponding to the $800,000 figure domestic was to be found for each country.

MR. SCHWARTZ: You say that in the Selznick distribution contract there was a statement to the effect that the Korda formula is to be part of the Selznick contract? I don't recall any such statement.

CHAIRMAN RAFTERY: There is no such statement. You misunderstood what I meant. The formula that was set up in the Selznick contract was prepared by Alex Korda and came to be known here as the Korda formula.

MR. SCHWARTZ: You are speaking of the foreign country distribution?

CHAIRMAN RAFTERY: No, domestic and foreign.

MR. SCHWARTZ: Domestic and foreign?

CHAIRMAN RAFTERY: Right.

Mr. Kelly then prepared what came to be known as the Kelly formula which was the 25 per cent to $800,000 domestic.

By domestic I refer to the United States. Then, 10 per cent on all over $800,000; then in Canada, 25 per cent to $50,000 and 10 per cent over; England, 25 per cent originally to 70,000 pounds and then changed to 90,000 pounds and 10 per cent over. The rest of the world called for the complete elimination of a sliding scale and the substitution of a flat 25 per cent charge in the foreign field.

At one of the previous meetings of the Board, I explained to the Board that I had had a meeting with Mr. Selznick and Mr. O'Shea and Mr. Scanlin and tried to prevail upon them to take the Kelly formula in lieu of the Korda formula because we had concluded contracts with Messers. Stromberg and Cagney on the Kelly formula with a further provision, however, that if the Selznick group did not agree to the Kelly formula, they reserved the right to revert to the Korda formula.

MR. SCHWARTZ: Is that part of a written contract?

CHAIRMAN RAFTERY: Yes. I told the Directors here that Mr. Selznick and Mr. O'Shea and Mr. Scanlin, at the meeting held at the Waldorf, agreed to the Kelly formula.

MR. SCHWARTZ: You mean recently?

CHAIRMAN RAFTERY: Two years ago. But I had never been able to get it in writing and I explained that under the Kelly formula Mr. Selznick's company received far better consideration in the domestic but that we received better consideration in the foreign. I also explained that I had a

without prejudice agreement signed by Vanguard in which we agreed to settle on the Kelly formula without prejudice, the right of either the distributor or the producer demanding settlement or making settlement under the Korda formula if no agreement were reached.

MR. SCHWARTZ: I don't quite understand that. Do I understand that there is a writing today outstanding between U. A. and Vanguard under which U. A. has agreed to make distribution charges to Vanguard in accordance with what you call the so-called Kelly formula? There is such a written paper outstanding today?

CHAIRMAN RAFTERY: Yes.

MR. SCHWARTZ: And that paper is to the effect that the same is without prejudice to the right on the part of either party thereto to repudiate the paper?

CHAIRMAN RAFTERY: That is right.

MR. SCHWARTZ: So it isn't a binding document on the part of United Artists or on the part of Vanguard? In other words, the matter of distribution charges is still open?

CHAIRMAN RAFTERY: That is right.

MR. SCHWARTZ: Of course, we take the position that there is a writing, a valid writing outstanding, between United Artists and Vanguard that those distribution charges have not been made to Mr. Selznick or to Vanguard, that so far as the domestic receipts are concerned, Mr. Selznick or Vanguard

has gotten the better of United Artists to the extent, up to date, of about $130,000.

CHAIRMAN RAFTERY: Mr. Schwartz, I haven't finished.

MR. SCHWARTZ: I didn't know there was a writing. I wanted to get that clear.

CHAIRMAN RAFTERY: It is the earnest hope of management, and has been, that we will be able to get the right to settle under the Kelly plan, and I will now show you why.

MR. SCHWARTZ: Because I don't know whether the Board of Directors has that hope of settling under the Kelly plan. If the Kelly plan is less advantageous to the Corporation than the distribution terms now set forth in the contract with the Vanguard Films Corporation, it is to the disinterest of United Artists to adhere to the Kelly plan and voluntarily give up its benefits of the present contract with Vanguard.

CHAIRMAN RAFTERY: I want to show you why it has been the hope of management that the Kelly plan will prevail. As of today, estimating the gross of "Since You Went Away" at $4,584,000, United States, and $216,000 Canada, Vanguard will receive on "Since You Went Away" $108,228.63 more under the Kelly plan than under the Korda Plan -- that is the United States and Canada.

On "I'll Be Seeing You" estimating the gross at $3,140,000 combined United States and Canada, Vanguard will

receive $28,514.28 more under the Kelly plan than under the Korda plan, or a total of $136,742.91 on both pictures.

MR. SCHWARTZ: By the Korda plan, I understand you to mean the present terms of the Vanguard distribution contract?

CHAIRMAN RAFTERY: Yes. On foreign, on "Since You Went Away", United Artists will receive $85,000 more under the Kelly plan than under the Korda plan, and on "I'll Be Seeing You", $60,000 more under the Kelly plan than under the Korda plan, or a total of $145,000 more distribution fees in the foreign than we get in the domestic.

MR. PENNYPACKER: Did you say $145,000 more?

CHAIRMAN RAFTERY: No, $145,000, which is about $9,000 more under the Kelly plan than under the Korda plan. That is estimating the grosses.

... Off the record discussion ...

CHAIRMAN RAFTERY: This is the more important thing. We all have fond memories of Mr. Korda and one of Mr. Korda's great vices was that he could be very complicated, particularly in setting up a formula. It is impossible for us to estimate how much it would cost accounting-wise, by way of additional clerical help, additional records, etc., in order to compute each of these foreign countries on sliding scales and to make the reports that would be necessary. In addition, we would lose substantial money if we resorted to the Korda

plan for Stromberg or Cagney because the Kelly plan is much more favorable to United Artists on pictures that gross up to $2,000,000 domestic than the other plan. That was the reason that we have been urging and are still urging Mr. Selznick and his associates to amend their contract, and that was the reason we got the without prejudice agreement.

However, in the interest of completing unfinished business, I am going to ask the Directors at the first meeting after this organization meeting, to ask Vanguard to either fish or cut bait, and either sign the amended agreement -- but before doing so, I will try to get Mr. Cagney and Mr. Stromberg to agree that any amendment we make in the Selznick agreement shall in no wise affect our existing agreements with them.

MR. SCHWARTZ: I should like to make a request of management that each of the stockholders be furnished with a table of the distribution charges, first, as set forth under the Selznick distribution contract, and second, as set forth under the so-called Kelly plan, both domestic, England, and the rest of the foreign territory, in other words, the distribution charges which were used as a basis by the accounting department in arriving at the figures that you have given.

MR. PENNYPACKER: Mr. Chairman: If I am not interrupting Mr. Schwartz or others, will you explain to me what was intended by insertion in the written agreement of the provision that it should be without prejudice? I am referring

to what I understand you call the Kelly plan and the supplemental written agreement with Mr. Selznick or with Vanguard Films. For instance, did it mean that new terms were to be applied to certain pictures but without prejudice to a contention respecting other pictures, or what?

CHAIRMAN RAFFERTY: No. Mr. Scanlin and -- particularly Mr. Scanlin, who is the fiscal officer of Vanguard, took the position that the Kelly plan was more unfavorable to Vanguard than the Korda plan setforth in the contract. I said, "Assuming that it is, and I know it isn't to any great extent, Vanguard is a one-third owner of United Artists and as such owner will be greatly prejudiced if we have to make the same adjustments in the Stromberg and in the Cagney contracts that are now outstanding, neither of whom are stockholders in the company."

Now, the reason for the insertion of the without prejudice, as far as we were concerned, I didn't want Vanguard to claim that we had breached their contract by settling on different terms than provided in their contract, and they wanted the without prejudice, that by accepting the Kelly settlements, that they were recognizing we had the right to settle on that basis. That was the reason for the insertion of the without prejudice in the exchange of letters between Vanguard and United Artists.

MR. PENNYPACKER: That is to say there was a

settlement made. Was that settlement subject to review by either one?

CHAIRMAN PAPTERY: By either one. In other words, what Mr. Schwartz raises here today is we are in a position at any time to assert, and they are in a position to make the demand for settlement in the foreign on the other basis if they so please. What has created this surplus in their favor is the abnormal gross of "Since You Went Away", because their distribution can go below the minimum of 15 per cent in the domestic.

Now, the foreign grosses which I didn't give you, I believe, are very modest, and instead of being $145,000 in our favor, may run to $155,000 or $160,000 depending on what the picture grosses in England. For instance, the picture in England has been estimated at a very low figure due to the fact that when the picture got started, they had the buzz bomb rule that you could only have a show for five hours a day on Sundays and eight hours on week days, and Mr. Selznick would not as much as cut one lead title out of the picture, so on Sundays they only had one show.

In Eire, however, that renegade Irishman, De Valera, cut the picture himself, much to Mr. Selznick's chagrin. We therefore are estimating now $1,008,000 in the foreign on "Since You Went Away" and $880,000 on "I'll Be Seeing You." I am happy to report that it looks as though the $1,008,000 is a very modest figure.

Management will furnish to each of the Directors at the next meeting -- not the one this afternoon -- a detailed report and recommendation to the Directors.

MR. SCHWARTZ: Not only a report, but I would like to see the fiscal distribution charges, not the ultimate results that you have just given us, but in comparative form, on one side the distribution charges called for by the contract as worked out by management and on the other side the distribution terms upon which the basis of which accountings have been made to Mr. Selznick. I don't want the ultimate result. I would like to have the actual fiscal percentages.

CHAIRMAN RAFFERTY: It will be totally impossible to do that without doing exactly what you are asking for, Mr. Schwartz. We have to set it down. For instance, in your Loews formula, this is the way the thing works: It goes 25 per cent, 10.25, 11 per cent, 2.5, etc. The other is just 25-50.

MR. SCHWARTZ: We haven't the distribution variations in the foreign as set forth in the Selznick contract.

CHAIRMAN RAFFERTY: It doesn't set it forth in variations they be prepared. Those were all prepared and we have them and I can give you in this report which I will give the Directors at the next meeting, all of that information. They will have all these countries together with the rates.

MR. KRAMER: As I understand it, the Chair is

going to comply with Mr. Schwartz's request for the furnishing of this information before the next Directors' meeting following the one today. On that basis, Mr. Schwartz, do you not press your motion, leaving it open without prejudice?

MR. SCHWARTZ: I would rather leave the statement and let it read is it reads and press the statement as contained in the minutes of the meeting.

MR. PENNYPACKER: Mr. Schwartz presents a statement and a request that the stockholders direct the Directors to do certain things upon the basis of facts stated in their written request. It appears from the President's statement that all the facts are not stated there, in the written request, I mean, and as proxy for a stockholder, I wouldn't feel justified in voting at the present time upon the basis of the partial information for a resolution directing the Directors to make certain charges, but I do think it is entirely proper and correct and fair that the information should be furnished and that the Directors should investigate the matter and consider it. Mr. Schwartz has not made a motion and there is no action proposed at this time.

MR. SCHWARTZ: That is right.

CHAIRMAN RAFFERTY: The Chair will direct that Mr. Schwartz's statement be spread upon the minutes and at the next meeting of the Directors following the organization meeting a full report will be presented to the Board with facts

and figures and formulae so that the Board may draw its own conclusion from the facts and figures as presented.

... Mr. Schwartz's statement read as follows: ...

"I call the attention of the stockholders to information received by me that the distribution terms charged by this corporation on the picture "Since You Went Away" to Vanguard Films, Inc., under the contract of distribution to which it succeeded, are not in accordance with the said contract; that Vanguard Films has been undercharged for domestic distribution up to this point approximately $120,000. On behalf of Charles Chaplin, I request the stockholders to pass a resolution instructing the Directors and Management of this Corporation to recoup and recover the said sum from Vanguard Films, Inc. either by deducting the same from Vanguard's future share of receipts, or by suit if necessary.

"I have no information with respect to the charges made on this picture in connection with foreign distribution. If Vanguard has been charged less for such distribution than that provided for by the contract, then a similar request is made. I further request the stockholders to pass a resolution instructing the Directors and Management of this Corporation to hereafter charge Vanguard Films, Inc. on all subsequent receipts derived from the picture "Since You Went Away" the charges for domestic and foreign distribution in accordance with the said distribution contract.

"I desire to call to the attention of the stockholders that if any change has been made in the distribution terms of said contract with the consent of or by arrangement with any officer of the company, the same is without warrant in law and not authorized by any resolution of the Board of Directors of this Corporation."

CHAIRMAN RAFTERY: The only other business before the meeting is the delivery of the Price Waterhouse report for the calendar year ending December 30, 1944 which was completed last week and I am happy to report that the combined loss of $311,005.57 ---

MR. SCHWARTZ: Does it quote the profits from the production company so the distribution end of the business has sustained a greater loss?

CHAIRMAN RAFTERY: You had a $1,000,000 loss domestically, approximately, last year. That was due primarily to your gross for the calendar year of 1944 domestically which fell off $3,500,000 from the year before. The gross this year will exceed by several million dollars the highest gross the company has ever had and there will be a very substantial profit on the operation this year.

MR. SCHWARTZ: Domestically?

CHAIRMAN RAFTERY: Yes, domestically and foreign. The highest gross this company has ever done and only did it once in the history of the company, in 1943, was $18,000,000.

The present outlook is that we will do approximately $22,000,000 domestically this year and there is plenty of non-sliding scale gross in there, too.

MR. SCHWARTZ: In other words, it is your best judgment, Mr. Chairman, that domestically, standing alone just on distribution, the company will be in the black for the calendar year 1945?

CHAIRMAN RAFTERY: Yes.

MR. SCHWARTZ: I think you are an optimist.

CHAIRMAN RAFTERY: On $22,000,000 domestic gross.

MR. SCHWARTZ: You get nothing for distribution -- 10 per cent.

CHAIRMAN RAFTERY: We don't get 10 per cent. We get 25 per cent to $850,000.

MR. SCHWARTZ: All the monies you are getting on "Since You Went Away" are all 10 per cent -- all over $850,000. You have a lot of 10 per cent distribution.

CHAIRMAN RAFTERY: We ought to have--this year, approximately five of the 22, six at the outside, should be at 10 per cent, but the balance should be 25 per cent or better. We get 27 1/2 per cent on a great many of our pictures including pictures like "G. I. Joe" and others of importance and we get 35 per cent on our shorts.

MR. SCHWARTZ: Those are just palliatives. You can't operate at 10 per cent.

CHAIRMAN RAFTERY: During the calendar year of 1943 our biggest pictures were on a sliding scale, yet the company made an important profit -- "Lady of Burlesque" and the Cagney picture of '43 -- domestically; but there should be a very substantial world-wide profit this year.

We have written out of the statement every possible bit of water that is in there and set up a reserve to take care of the Spanish pesetas and any other foreign currency, and I believe a study of the statements ---

MR. SCHWARTZ: I see that on the income, arriving at the $311,000, there has been taken off from the losses a proposed refund from federal taxes because of the carry-over provisions of the Internal Revenue Code, so that if you didn't have that carry-over from actual operations, your loss would be $411,000.

My only statement in connection with this financial statement at the moment is that the company cannot operate on these Selznick sliding scale bases.

CHAIRMAN RAFTERY: I would like to supplement that and say that your loss last year was primarily due, not to the Selznick contract -- not that I have ever been in favor of a sliding scale; I have opposed it from the beginning -- but due primarily because from September 1, 1943 to January 1, 1944, we did not have a feature picture delivered -- we ran into no backlog for the first six months of 1944. Our gross for the

first six months of 1944 is in excess of $3,000,000 less than it is for the first six months of 1945. After James Cagney delivered "Johnny Come Lately" on Labor Day of '43, the company had delivered to it "Two Russian Girls", "Voice In the Wind" and two Hop-Along Cassidy pictures for the months of September, October, November and December of 1943. We therefore had no backlog to build up the first part of the year.

At the present time, we have the largest backlog of released and unreleased pictures in the history of the company, and I mean pictures of quality.

Gentlemen, in view of the fact that we have another meeting at 3:00 o'clock, unless there is something else, the Chair would entertain a motion to adjourn.

MR. KRAMER: Is each proxy to get a stenographic copy of these minutes?

CHAIRMAN RAFTERY: Surely. Before you make that motion, will you make a motion that the minutes as transcribed be the minutes of the meeting?

MR. PENNYPACKER: I so move.

... The motion was seconded by Mr. Kramer ...

MR. PENNYPACKER: I move we adjourn.

... The motion was seconded by Mr. Kramer ...

CHAIRMAN RAFTERY: The meeting is adjourned.

... The meeting adjourned at 12:35 o'clock ...

WAIVER OF NOTICE

of

STOCKHOLDERS OF UNITED ARTISTS CORPORATION

We, the undersigned, stockholders of UNITED ARTISTS CORPORATION, do hereby waive any and all notice required by the Certificate of Incorporation and the By-Laws of UNITED ARTISTS CORPORATION, and do consent that the By-law amendment set forth below may be considered and acted upon at the meeting of the stockholders of UNITED ARTISTS CORPORATION to be held on June 5, 1945, at 11 A.M. at the office of the corporation, 729 Seventh Avenue, New York, New York:

"Section 1: Organization Meeting and Election of Officers -

The Board of Directors shall meet following the annual election of Directors and other officers at such time and place as may be designated by the stockholders at the meeting at which the directors are elected. At such meeting the Board shall elect and appoint such officers as it shall determine. No notice of such meeting shall be required."

Dated: New York, June 5, 1945.

THE PICKFORD CORPORATION

By _____

VANGUARD FILMS, INC.

By _____

CHARLES CHAPLIN

By _____

WAIVER OF NOTICE

of

STOCKHOLDERS OF UNITED ARTISTS CORPORATION

We, the undersigned, stockholders of UNITED ARTISTS CORPORATION, do hereby consent that the meeting of stockholders for the election of Directors called by the Directors of UNITED ARTISTS CORPORATION for May 22, 1945, at 11 A.M. at the office of the corporation, which meeting was adjourned on May 22, 1945 and May 31, 1945 through lack of a quorum, shall be held at 11 A.M. on June 5, 1945, at the office of the corporation, 729 Seventh Avenue, New York, New York, and that any business properly to be transacted at an annual meeting of stockholders may be transacted at such meeting, and we do hereby consent and waive any and all notice required by the statutes of Delaware, the Certificate of Incorporation, and the By-laws of UNITED ARTISTS CORPORATION.

Dated: June 5, 1945.

THE PICKFORD CORPORATION

By _____

VANGUARD FILMS, INC.

By _____

CHARLES CHAPLIN

By _____

The undersigned HARRY L. BUCKLEY and PAUL L. O'BRIEN having been duly appointed Inspectors of Election of United Artists Corporation, at the Annual Stockholders' Meeting, held on June 5, 1945, have faithfully and diligently canvassed the votes cast at said Election and hereby report the following results:

Election of the following Directors:

[illegible] CHAPLIN
[illegible]
[illegible]
[illegible]
[illegible]
[illegible]
[illegible]
[illegible]
[illegible]

each having received 17,000 votes.

Harry L. Buckley

Paul L. O'Brien

Sworn to before me this

5th day of June, 1945

MINUTES OF MEETING OF THE BOARD OF DIRECTORS OF UNITED ARTISTS CORPORATION

A meeting of the Board of Directors of United Artists Corporation was held at the office of the corporation, 729 Seventh Avenue, New York, N.Y., Tuesday, June 5, 1945 at 2 P.M.

There were present:-

Milton A. Kramer
Philip F. Siff
Isaac A. Pennypacker
E. Claude Mills
Rex Dennant
Franklin Cole
Edward C. Raftery

constituting a quorum.

There was also present Harry J. Muller, Assistant Secretary of the corporation.

Mr. Raftery acted as Chairman and Mr. Muller acted as Secretary.

The Chairman welcomed the new directors and extended his greetings to the old directors.

1. NOTICE OF MEETING

The meeting was held pursuant to Waiver executed by Proxies for all stockholders at the stockholders' meeting held that morning.

2. MINUTES OF PREVIOUS MEETING

Mr. Mills moved that the reading of the minutes of the previous meeting be dispensed with since such minutes were circulated to the members of the old board. Mr. Dennant seconded the motion and it was carried unanimously. The Chairman stated that copies of said minutes would be sent to the new members of the board.

3. ELECTION OF OFFICERS

For President, Mr. Pennypacker nominated Mr. Raftery. Mr. Cole seconded the nomination. The Chairman called for other nominations. There being none,

Mr. Pennypacker moved that nominations be closed and that the Secretary be instructed to cast a ballot electing Mr. Raftery to the office of President. Mr. Cole seconded the motion and it was carried four to two, Messrs. Mills and Dennant voting contrary, Mr. Raftery not voting.

For Vice President, Mr. Pennypacker nominated Gradwell L. Sears and George L. Bagnall. Mr. Mills seconded the nomination. The Chairman called for other nominations. There being none, Mr. Pennypacker moved that nominations be closed and that the Secretary be instructed to cast a ballot electing Messrs. Sears and Bagnall to the office of Vice President. Mr. Mills seconded the motion and it was carried six to one, Mr. Dennant voting contrary.

For Treasurer, Mr. Pennypacker nominated Mr. Muller. Mr. Mills seconded the nomination. There being no further nominations, Mr. Pennypacker moved that nominations be closed and that the Secretary be instructed to cast a ballot electing Mr. Muller to the office of Treasurer. Mr. Mills seconded the motion and it was carried unanimously.

For Secretary, Mr. Pennypacker nominated Loyd Wright. Mr. Mills seconded the nomination. There being no further nominations, Mr. Pennypacker moved that nominations be closed and that the Secretary be instructed to cast a ballot electing Mr. Wright to the office of Secretary. Mr. Mills seconded the motion and it was carried unanimously.

For Assistant Secretary, Mr. Pennypacker nominated Paul D. O'Brien, Charles E. Millikan, Harry D. Buckley and Harry J. Muller. Mr. Dennant seconded the motion. There being no further nominations, Mr. Pennypacker moved that nominations be closed and that the Secretary be instructed to cast a ballot electing Messrs. O'Brien, Millikan, Buckley and Muller to the office of Assistant Secretary. Mr. Dennant seconded the motion and it was carried unanimously.

For Assistant Treasurer, Mr. Pennypacker nominated Herbert A. Volmer. Mr. Mills seconded the motion. There being no further nominations, Mr.

Pennypacker moved that nominations be closed and that the Secretary be instructed to cast a ballot electing Mr. Weimer to the office of Assistant Treasurer. Mr. Mills seconded the motion and it was carried unanimously.

4. FINANCIAL REPORTS

There were then distributed to the Directors present the following reports:

Estimated World-Wide Profit and Loss for the 13 Weeks Ending March 31, 1945 and for the 17 Weeks Ending April 28, 1945.

Condensed Operating Statement (Foreign only) for the 13 Weeks Ending March 31, 1945 and for the 17 Weeks Ending April 28, 1945.

Monthly Cabled Report for the 13 Weeks Ending March 31, 1945 and for the 17 Weeks Ending April 28, 1945.

Consolidated Balance Sheet and Consolidated Income Statement as at December 30, 1944.

Discussion followed the distribution of these reports.

5. COMMITTEE FOR EXPENSE STUDY

Mr. Pennypacker moved that a Special Committee of the Board be created to consist of three Directors appointed by the President from among those resident in New York City or its neighborhood to study the question of reduction of expenses of the corporation and to report to the Board as to the advisability of reducing expenses at their earliest convenience with authority to expend not more than $2,000 for the employment of clerical assistance if, in their opinion, such assistance becomes necessary. Mr. Mills seconded the motion with the proviso that each stockholder would be represented by one of the directors appointed. This motion was carried unanimously and the Chairman appointed Mr. Siff, Mr. Mills and Mr. Cole; Mr. Siff to have the right to have Mr. Agnew substitute for him, Mr. Mills to have the right to have Mr. Dennant substitute for him and Mr. Cole to have the right to have Mr. Pennypacker substitute for him.

6. TREATMENT OF SICK OR FORMERLY INTERNED EMPLOYEES

The Chairman explained that problems have arisen in connection with employees who are sick and employees who have been interned in prison camps and he suggested that a Committee be appointed to determine what salary or back salary payments should be made to such individuals. Mr. Kramer suggested that Management prepare data concerning such individuals and make its recommendations.

7. CORRECTIONS OF MINUTES OF PREVIOUS MEETING

Mr. Pennypacker suggested that certain corrections be made in the minutes of the meeting held April 10, 1945. After discussion, Mr. Mills moved that all reference to Item 5 concerning BREWSTER'S MILLIONS banning in Memphis be deleted from the minutes. Mr. Dennant seconded the motion and it was carried unanimously.

Mr. Pennypacker stated that Item 10, the minute relating to the Tower Theatre, Los Angeles, should be corrected to show that counsel for the company had approved the partnership contract and the management contract as stated by Mr. Raftery. The Chairman then informed the meeting that Loyd Wright, West Coast counsel for United Artists Corporation, prepared and approved both contracts and that general counsel had approved the documents, whereupon it was agreed that the minutes of April 10th should be corrected to reflect this fact.

With respect to Item 11, Notice of Proposed Distribution Contracts, Mr. Pennypacker stated that his motion was that "Management is requested to furnish to each Director not less than five days in advance of any meeting at which any distribution contract or contracts are to be submitted for consideration by the Board of Directors, a written statement of the particulars and essential facts relating to each of such distribution contracts, and that any Director may

request postponement of action upon any distribution proposition which is not described in such written statement". Upon motion duly made and seconded and unanimously carried the Secretary was instructed to correct the minutes of April 10th so that they would conform to the language of the motion which Mr. Pennypacker put at that meeting.

8. NOTICE OF PROPOSED DISTRIBUTION CONTRACTS

Mr. Kramer moved that the resolution on the books with respect to Notice of Proposed Distribution Contracts as corrected be amended as follows:

If any distribution proposition whether or not of first impression and including any modifications, extensions or cancellations of existing distribution contracts is brought up before any meeting without all directors having had five days previous written notice of the details with respect thereto, then, in the absence of a waiver on the part of all directors present at such meeting, no vote shall be taken at that meeting with respect to that particular proposition. Mr. Mills seconded the motion and it was carried unanimously.

9. HARRY SHERMAN

The Chairman explained that George Bagnall submitted a proposal from Harry Sherman requesting a three year distribution contract under which he would agree to make six Hopalong Cassidy pictures each year and have the right to make a minimum of one feature length picture and a maximum of two feature length pictures in each year, said features to cost in excess of $600,000. The terms with respect to the Hopalongs are 35% for domestic and English distribution, standard terms for the rest of the world; with respect to the feature length pictures 25% for United States and Canada, 30% for England and standard terms for the rest of the world; in connection with the feature pictures, United Artists to have full control over cast, story and director. Mr. Sherman has stated that

he is adequately financed, has the California Studio under lease and film will be available to him based upon his past record of producing pictures. This matter was tabled for the next meeting.-

10. LOS ANGELES AND HOLLYWOOD THEATRES

The Chairman distributed to each director present a copy of agreement dated May 24, 1945 between Blumenfeld Theatres, Blumac-United Co., United Artists Corporation and Sutton and Galston, as well as a copy of the auditors' report on the operation of the United Artists Theatre, San Francisco. Mr. Mills moved to ratify the agreement entered into and executed May 24, 1945 by Mr. Raftery on behalf of United Artists Corporation with Blumenfeld Theatre, Blumac-United Co. and Messrs. Sutton and Galston and that Mr. Raftery be further authorized to enter into a permanent agreement carrying out these interim arrangements subject to the approval by the legal department of the terms thereof. Mr. Pennypacker stated that it is noted that the preliminary understanding expressed in the letter agreement dated May 24, 1945 addressed to Sutton and Galston provides specifically that the formal written agreement shall be approved by counsel. Mr. Pennypacker seconded the motion and it was carried, Mr. Siff and Mr. Kramer not voting. The Chairman stated that the question of selling United Artists pictures would be up to the Sales Department and the individual producers.

11. SAM BRISKIN - FRANK CAPRA

The Chairman stated that at the last meeting he was asked to see Mr.Briskin and he has since had about ten meetings with him and he finally had Mr.Briskin put on paper the type of deal he proposes. Mr. Mills stated that he now invokes his five day privilege and requests that the proposition be sent to each Director in writing.

The Meeting then adjourned.

Edward C. Raftery

Edward C. Raftery, Chairman

Harry J. Muller

Harry J. Muller, Secretary

MINUTES OF MEETING OF THE BOARD OF DIRECTORS OF UNITED ARTISTS CORPORATION

A meeting of the Board of Directors of United Artists Corporation was held at the office of the corporation, 729 Seventh Avenue, New York, New York, Tuesday, July 10, 1945 at 11 A.M.

There were present:

Milton A. Kramer
Neil F. Agnew
Philip F. Siff
Isaac A. Pennypacker
H. Claude Mills
Rex Dunnant
Franklin Cole
Edward C. Raftery

constituting a quorum.

There was also present Harry J. Muller, Assistant Secretary of the corporation.

Mr. Raftery acted as Chairman and Mr. Muller acted as Secretary.

1. NOTICE OF MEETING

The meeting was called pursuant to telegraphic notice attached to these minutes.

2. MINUTES OF PREVIOUS MEETING

Mr. Mills moved that the reading of the minutes of the previous meeting be dispensed with since such minutes were circulated to all directors and stockholders. Mr. Siff seconded the motion and it was carried unanimously.

3. CHADWELL L. SEARS

The Chairman stated that he had been asked to read to the Board a letter under date of July 2, 1945 addressed to him by Mr. Sears. This letter is as follows:

"Gentlemen - I am deeply grateful for the generous and understanding treatment I have received at the hands of this Corporation during my recent illness.

I have effected a complete recovery and am returning to full duty as of today. I shall devote my time and attention exclusively to matters pertaining to the distribution of our pictures at home and abroad, and shall try in every way possible to make my appreciation of your consideration and generosity apparent.

Sincerely,

G. L. Sears"

4. SHANGHAI GESTURE

The Chairman stated that protests were received from the Chinese Government after the release of SHANGHAI GESTURE and finally the British Government banned it. In certain foreign territories the picture has never been distributed by us and the producer now wants us to either distribute the picture or turn it back. Our foreign department recommends and Management concurs that we should turn the picture back to the producer for these territories. Mr. Agnew moved that we turn this picture back for these foreign territories, securing a proper release from the producer. Mr. Kramer seconded the action and it was carried unanimously.

5. REPORT FROM GEORGE BAGNALL

The Chairman read from a report prepared by George Bagnall on the status of our various pictures as follows:

COMPLETED AND IN
THE SOUVENIER
THE GREAT JOHN L.
RESIDE MANNER
BLOOD ON THE SUN
GUEST WIFE
PARIS UNDERGROUND
G.I. JOE
CAPTAIN KIDD
SPELLBOUND (Completed but editing)
YOUNG WIDOW (Completed but editing)

IN PRODUCTION

WHISTLE STOP
TRAIL TOWN
DIARY OF A CHAMBERMAID
GETTING GERTIE'S GARTER
DUEL IN THE SUN

IN PREPARATION

THE SIN OF HENRY DIDDLEBOK	(Preston Sturgis)
BREAKFAST IN HOLLYWOOD	(Golden Pictures)
A NIGHT IN CASABLANCA	(David Loew)
PARIS CANTEEN	(Sol Lesser)
PETTICOAT LANE	(Andrew Stone)
STRANGE WOMAN	(Hunt Stromberg)
BELLA DONNA	(Edward Small)
BEL AMI	(Loew-Lewin)
ANGEL ON MY SHOULDER	(Charles Rogers)

6. INSURANCE

The Chairman stated that he received letters from Mr. Chaplin and from Mr. Selznick recommending that the company give its insurance to Seligson and Shields. It was the consensus of the Board that this is a matter for Management to handle rather than the Board of Directors.

7. SAM BRISKIN - FRANK CAPRA

The Chairman stated that he had sent to each director the proposition submitted by Mr. Briskin and that Management does not recommend this proposition. Mr. Mills moved that the corporation reject this proposition and invite a continuance of the negotiations. Mr. Agnew seconded the motion and it was carried unanimously.

8. HARRY SHERMAN

The Chairman stated that our Sales Department is very anxious to secure a series of Hopalong Cassidys if they can get them but there is no desire for Sherman Specials from anybody. After discussion, Mr. Mills moved that Management be authorized to enter into an agreement with Harry Sherman for the production of a series of six Hopalong Cassidys per year for a period of three years on the following terms: 35% for United States, Canada and England -

50% for the rest of the world; that as regards the Harry Sherman Special Feature Photoplays, that Sherman is free to make a minimum of one and a maximum of two Specials per year for distribution through other distributors, unless Management is able to secure a first refusal on the Specials for world distribution then such right should also be secured, the terms for such Specials to be standard terms, namely, 27½% for United States, Canada and England and 32½% to 50% for the rest of the world. Mr. Agnew seconded the motion and it was carried unanimously.

9. DAVID LOEW

The Chairman stated that David Loew had submitted a proposition for a distribution agreement to cover high-class musical shorts in color. The pictures would not run over six minutes each and the number of subjects would not exceed six per year. Mr. Leserman feels that he can use additional shorts and the Foreign Department is anxious to get them. The terms would be 35% for United States, Canada and England and 50% for the rest of the world. We would make no investment, not even for prints. Management recommends the proposition and requests authority to close the best deal that we can for a period not to exceed three years on the terms indicated. Mr. Mills moved that Management be so authorized. Mr. Dennant seconded the motion and it was carried unanimously.

10. MOREY AND SUTHERLAND

Messrs. Morey and Sutherland produce the Plastic Cartoons. The Chairman stated that he wishes to work out a permanent deal with them instead of using options from year to year. He proposes either a three year or five year deal with a minimum of 13 subjects a year, one every four weeks; the terms are 35% for United States, Canada and England and 50% for the rest of the world, the producer paying for all prints. Mr. Pennypacker moved that Management be so authorized. Mr. Mills seconded the motion and it was carried unanimously.

11. SAM BISCHOFF

The Chairman stated that the proposition of Sam Bischoff to produce a picture with the background of the Hollywood Bowl came from George Bagnall and was sent to all directors. After discussion, he suggested that this matter be tabled until more information is received concerning the type of picture to be produced.

12. PRODUCING ARTISTS, INC.

The Chairman stated that we have a contract with Producing Artists, Inc., of which Arthur Lyons and David Loew are the principals. A query was received from Loyd Wright asking if the corporation would be interested in making a deal with Producing Artists, Inc. with Arthur Lyons and without David Loew. It was suggested that the Board await a specific proposition.

13. INDEMNITY FOR DIRECTORS AND OFFICERS

Mr. Mills moved that the corporation shall indemnify and hold harmless each person who has served or shall hereafter serve as a Director or Officer of the Corporation from and against any and all claims and liabilities to which such person shall have or may become subject by reason of his having heretofore or hereafter been a Director or Officer of the Corporation or by reason of any action alleged to have been taken or omitted by him as such Director or Officer, and shall reimburse each such person for all legal and other expenses reasonably incurred by him in connection with any such claim or liability, provided, however, that no such person shall be indemnified against, or be reimbursed for any expense incurred in connection with, any claim or liability arising out of his own gross negligence or wilful misconduct. The rights accruing to any person under the foregoing shall not exclude any other right to which he may be lawfully entitled, nor shall anything herein contained restrict the right of the Corpora-

tion to indemnify or reimburse such person in any proper case even though not specifically herein provided for. Mr. Siff seconded the motion and it was carried unanimously.

14. BOSTON LEASE

The Chairman requested that the meeting ratify his action in signing an extension of our lease of our exchange quarters in Boston whereupon Mr. Mills moved that the President be and he hereby is authorized to affix the corporate seal and to sign, acknowledge and deliver said lease of the premises 52 Church Street, Boston, to this corporation on such terms and conditions as he deems fit. Mr. Agnew seconded the motion and it was carried unanimously.

15. S.I.M.P.P.

The Chairman stated that the Society of Independent Motion Picture Producers has proposed an increase in its dues. Under the new arrangement, United Artists Productions, Inc. would be required to pay $2,500 per year plus 1/2% of its United States and Canada grosses effective as of July 1, 1945. At a meeting of the Board of Directors of S.I.M.P.P., George Bagnall voted for such increase for United Artists Productions, Inc. but not for United Artists Corporation. In a letter concerning this matter, Mr. Bagnall stated that S.I.M.P.P. would like United Artists Corporation to handle dues in the same manner as it does with the Hays Organization, United Artists Corporation standing its proportionate share and charging to producers their proportionate shares. On 75-25 terms, this would mean that United Artists Corporation would stand 1/8% of the U.S. and Canada film rentals while charging its producers with 3/8%. The Chairman stated that United Artists Corporation could not start paying S.I.M.P.P. until its Hays dues are discontinued in September, 1945. Mr. Pennypacker moved that consideration of the suggestion made by Mr. Bagnall relating to an increase in our contribution to S.I.M.P.P. be deferred pending receipt from an officer of the Association of a written prospectus of their purposes and plans and a

statement of their projected receipts and disbursements. Mr. Mills seconded the motion and it was carried unanimously.

17. FINANCIAL REPORTS

There were then distributed to the directors present the following reports:

Estimated World-Wide Profit and Loss for the 22 weeks ending June 2, 1945.

Condensed Operating Statement (Foreign Only) for the 22 weeks ending June 2, 1945.

Monthly Cabled Report for the 22 weeks ending June 2, 1945.

Tentative Consolidated Balance Sheet and Tentative Consolidated Income Statement as at March 31, 1945 (with certain exceptions).

The Price, Waterhouse report on the Silverstone Plan for the 52 weeks ending December 30, 1944.

18. VANGUARD FILMS, INC.

There was discussion concerning the distribution terms of the contract with Vanguard Films, Inc.

At this point, Mr. Cole asked to be excused and left the meeting.

Mr. Mills moved that this Board accede to the request of the Management as stated in a letter from Mr. Raftery dated June 20, 1945 to continue negotiations with Vanguard Films, Inc. with a view to re-form the accounting terms of the contract dated October 4, 1941 retroactively with terms to conform with the so-called Kelly Plan instead of the so-called Korda Plan as written in the contract. Mr. Pennypacker seconded the motion and it was carried, Mr. Kramer not voting without precedent, Mr. Agnew not voting without precedent. All other directors voted in favor.

19. CAPITAL STOCK TAX RETURN

The Chairman stated that tax counsel and the Accounting Department recommend that a valuation of $15,000,000 be placed upon the Capital Stock Tax Return of United Artists Corporation. Upon motion duly made, and seconded and unanimously carried, this valuation was accepted.

20. J. ARTHUR RANK

The Chairman reported that he had received a request from David Coplan to take on another British picture world-wide without any advance. If we take this picture on our quota problem is solved for next year. Mr. Coplan would like to have one or two additional British pictures for the distribution business in England. Discussion then followed concerning the possibility of making a deal with Mr. Rank, possibly by selling him a half interest in United Artists Corporation, Ltd. Mr. Dennant stated that Mr. Chaplin was opposed to selling a half interest in the only profitable asset we have. Mr. Agnew stated that Mr. Selznick evidenced an interest in the matter and Mr. Pennypacker stated that Miss Pickford wanted more information. It was the consensus of the directors that the Chairman contact Mr. Rank before he left for England and see if there was any deal of any kind or character that could be made with Mr. Rank and to report back to the directors.

The meeting then adjourned.

Edward C. Raftery, Chairman

HARRY J. Muller, Secretary

UNION

A. H. WILLIAMS
PRESIDENT

Send the following telegram, subject to the terms on back hereof, which are hereby agreed to

FOR VICTORY
BUY
WAR BONDS
TODAY

JULY 3,1945

PLEASE SEND FOLLOWING WAIVERS UNDER DAY LETTER TO:

SYDNEY CHAPLIN, c/o Chas Chaplin Films Corp,1416 N La Brea Ave., Hollywood,Calif
C.B.Mills, 630 Fifth Ave, New York, N.Y.
Rex Denmant, c/o Eliel & Loeb Co., 60 E 42nd St., New York, N.Y.
Neil F. Agnew, c/o Vanguard Films,Inc. 400 Madison Ave., New York, N.Y.
Milton A. Kramer, c/o White & Case, 14 Wall St., New York City
Phillip F.Siff, 131 Riverside Drive, New York, N.Y.
Franklin Cole, 120 Broadway, New York, N.Y.
I.A. Pennypacker, c/o Pepper, Bodine, Stokes & Rhoads, 2225-42 East Title Bldg.,
Philadelphia, Pa.

****

A REGULAR MEETING OF THE BOARD OF DIRECTORS OF UNITED ARTISTS CORPORATION WILL BE HELD ON TUESDAY, JULY 10,1945 AT 11 A.M., AT THE OFFICES OF THE CORPORATION, AT 729 SEVENTH AVENUE, NEW YORK CITY.

HAROLD MULLER, ASST SECY

CC MR S J MULLER

MINUTES OF MEETING OF THE BOARD OF DIRECTORS OF UNITED ARTISTS CORPORATION.

A meeting of the Board of Directors of United Artists Corporation was held at the office of the corporation, 729 Seventh Avenue, New York, N.Y., Tuesday, September 11, 1945 at 12 M.

There were present:

Neil F. Agnew
Milton A. Kramer
Philip F. Siff
Isaac A. Pennypacker
R. Claude Mills
Rex Dennant
Franklin Cole
Edward C. Raftery

constituting a quorum.

There were also present Gradwell L. Sears, Vice President and Harry J. Muller, Assistant Secretary.

Mr. Raftery Acted as Chairman and Mr. Muller acted as Secretary.

1. NOTICE OF MEETING

The Meeting was called pursuant to telegraphic notice attached to these minutes.

2. MINUTES OF PREVIOUS MEETING

Mr. Mills moved that the reading of the minutes of the previous meeting be dispensed with since such minutes were circulated to all directors and stockholders. Mr. Dennant seconded the motion and it was carried unanimously.

3. REPORTS

There were then distributed to the directors present the following:

Domestic Backlog at August 25, 1945.

Foreign Department Backlog at July 30, 1945.

List showing pictures delivered and unreleased, pictures in production and pictures in preparation with tentative starting dates.

Discussion followed concerning the backlogs and the current financial position of the company.

4. VANGUARD FILMS, INC.

The Chairman reported that Vanguard Films, Inc. and United Artists Corporation signed a letter agreement incorporating the so-called Kelly Plan instead of the so-called Korda Plan, which letter agreement was turned over to the Treasurer.

5. LOS ANGELES AND HOLLYWOOD THEATERS

The Chairman reported that the theatres in Los Angeles and Hollywood are open and running and doing very well.

6. NEW YORK WINTER GARDEN THEATER

Mr. Sears reported that United Artists Corporation has taken an obligation on the Winter Garden Theatre, New York for one year commencing October 1, 1945 on the basis of $1,000 per day as rent of the four walls. The corporation is guaranteed the full amount of the rent and any losses by the Rank Group, which Group has preemptive rights for the playing of its pictures. If a picture of another of our producers is played at this theatre, it would play on the basis of whatever the expense is and the Rank Group would be relieved of its obligation during that period. The producer's share of film rentals of the Rank pictures from United States, Canada and Latin America are given as collateral for the guarantee and the banks have waived their first mortgage position on these pictures. We will spend about $100,000 on the first picture for the front, marquee and advertising. The weekly expense will be about $11,000 to $12,000 including rent. Mr. Mills expressed his feelings about the fact that this lease was signed without the prior approval of the

Board and requested that a copy of the papers be sent to him.

7. FINANCIAL REPORTS

There was then distributed to the Directors present the Tentative Consolidated Balance Sheet and Tentative Consolidated Income Statement as at June 30, 1945 (with certain exceptions).

8. SAMUEL GOLDWYN STUDIO

The Chairman stated that the Samuel Goldwyn Studio lease runs until 1948. Under the terms of the lease, Mr. Goldwyn may remove the equipment from the Studio. The Studio is owned 50% by The Pickford Corporation and 50% by the Fairbanks heirs. Bank of America represents certain Fairbanks heirs as trustee. The Bank has indicated its willingness to sell on the basis of $1,000,000 for the entire Studio. On that basis, the portion which the Bank has for sale amounts to approximately $70,000. Douglas Fairbanks, Jr. owns less than one-half of the Fairbanks 50%. The share owned by the widow of Douglas Fairbanks is also for sale. Mr. Goldwyn is bidding for this stock. Mr. Goldwyn offered Miss Pickford only $200,000 for her stock.

At this point Mr. Pennypacker read a telegram from Miss Pickford concerning purchase of the General Service Studio and The Pickford - Fairbanks Studio. The Chairman explained that George Bagnall, in a recent letter, mentioned that Ben Bogeaus is anxious to sell the General Service Studio at the present time and has set a price on it of $800,000. This matter was discussed and the opinion of the Board was that it was impossible to do anything at this time. Mr. Kramer stated that Vanguard Films, Inc. may be interested in Studio space and may be interested in acquiring one or both of these Studios, either alone or jointly with United Artists Corporation.

9. PHILIP YORDAN

The Philip Yordan proposal, which was listed on the Agenda, was discussed and Mr. Mills moved that the Corporation is not interested in this proposal. Mr. Agnew seconded the motion and it was carried unanimously.

10. DAVID LEWIS

The David Lewis proposal, which was listed on the Agenda, was discussed but it did not have Management's recommendation. Mr. Mills moved that the corporation turn down this proposal. Mr. Agnew seconded the motion and it was carried unanimously.

11. CONSTANCE BENNETT

The Constance Bennett proposal, which was listed on the Agenda, was discussed. The Chairman stated that the proposal was for two pictures a year for three years, story, cast and director to be approved by United Artists Corporation. The Chairman stated that he received a recommendation from Miss Pickford that Miss Bennett be given a distribution contract and that a Chaplin director received a recommendation from Mr. Chaplin. A proposal was made that the terms should be more favorable to United Artists Corporation than those in the previous Constance Bennett contract and that the number of pictures should be reduced below those requested by Miss Bennett, but an option granted to United Artists Corporation for further pictures. Mr. Mills moved that the proposal be not accepted as submitted but that Management be authorized to submit a deal more favorable to United Artists Corporation. Mr. Cole seconded the motion and it was carried unanimously.

12. HARRY SHERMAN

The Harry Sherman proposal, which was listed on the Agenda, was discussed. Mr. Mills moved that it be disposed of by not changing the terms

of the resolution adopted at the previous meeting. Mr. Pennypacker seconded the motion and it was carried unanimously.

13. CHARLES CHAPLIN

The Chairman stated that Mr. Chaplin wants an extension of one year of his contract covering six 60 minute feature pictures. He furthermore stated that the corporation is bound to grant the extension because of an offer made to each of the stockholders at the request of the Board. Mr. Sears stated that the market for these short features no longer exists as it did a short time ago. After discussion, Mr. Kramer moved that the Board resolves that, in view of the recommendation of Management, it prefers not to give out any extensions of existing 60 minute feature agreements, but, in view of the statement made to the Board that the corporation is legally bound upon request to grant such extension, the Board requests each of the owners to forego their rights to receive extensions or, if extensions are demanded, to reduce to the lowest possible minimum the amount of product to be delivered thereunder and, in their failure to do so, the Directors and Officers can go through with their obligations and then, in such event, Management is directed to grant the extensions as requested. Mr. Mills seconded the motion and it was carried; Mr. Dennant voting against; all other directors voting in favor.

14. THE PICKFORD CORPORATION - CHARLES CHAPLIN

The Chairman stated that the distribution contracts of The Pickford Corporation and Charles Chaplin covering feature motion pictures expired September 2, 1945. Miss Pickford requests an extension on behalf of The Pickford Corporation and she presumes Mr. Chaplin also wishes an extension. She requests it for a period of one year or co-terminous with the Vanguard contract, whichever date is later. After discussion, Mr. Raftery moved

that The Pickford Corporation's feature contract, which expired September 2, 1945, be extended as per Miss Pickford's request on the same terms and conditions to September 2, 1946. Mr. Pennypacker seconded the motion and it was carried unanimously.

15. JOHN GRIERSON

The Chairman stated that Mr. Grierson requests a distribution contract covering two series of shorts, one to be called "Worldwise", the other "Wonder Facts". Each series would be either nine or twelve pictures per year and Mr. Grierson is asking for the same terms as we granted to World in Action shorts, namely, 35% in the United States; 45% in Canada. Mr. Mills moved that the matter be tabled for further consideration, which motion was duly seconded and adopted.

16. S.I.M.P.P.

The Chairman stated that S.I.M.P.P. has prepared contracts for its producer-members to sign authorizing United Artists Corporation to pay to the Society on behalf of said producers 3/8ths of 1% of the gross rentals from United States and Canada. S.I.M. P.P. also wishes United Artists Corporation to pay 1/8% of its gross in the United States and Canada. The Chairman pointed out the fact that all of our contracts are not on 75-25 terms and where the film rental is 90-10, it would obviously be unfair for us to pay 1/8% while the producer is standing only 3/8%. Our Hays Organization dues stop September 21, 1945. In accordance with the motion adopted at the last meeting, Management requested certain information from the Society but no reply to this request was received. Mr. Pennypacker moved that consideration of this matter be postponed until a reply is received from the Society.

17. LITIGATION

The Chairman stated that although this matter appears upon the Agenda, he suggests that it be tabled as he understands there are conversations going on with attorneys for parties other than United Artists Corporation. Mr. Mills moved that this matter be tabled. Mr. Agnew seconded the motion and it was carried unanimously.

18. PRESTON STURGES

The Chairman reported that George Bagnall signed an extension with California Pictures Corporation for the delivery of the second Preston Sturges picture.

19. CONTINENTAL EUROPE

Mr. Sears stated that an Export Corporation has been formed by the other seven major distributing companies and our participation in it is desired. This corporation would be used to combat Government legislation and State Control combines in such countries as Czechoslovakia, Holland and The Balkans, but its first venture for which authority is requested is in Holland. The United States State Department has fallen down on protecting motion picture interests and Mr. Sears heartily recommends that United Artists Corporation join in this Export Corporation as the only effective means of combatting state monopolies. In Holland, the Export Corporation would act as distributor of motion pictures for all eight companies and would choose from the product of such companies only those pictures which it considers desirable to distribute and each company's share of the revenue obtained by these pictures would be based upon the ratio of its domestic revenue to the domestic revenue of all eight companies. Counsel for one of the companies has said that the domestic basis may not be used because it might be illegal. and they might use the gross in England for the ratio basis. Applying the

sameprocedure to our pictures, each picture would receive revenue proportionately to the revenue in England, whether the picture involved is distributed in Holland or not. Aside from the Export Corporation, the distributing companies are asked to agree that in certain other countries such as Italy and perhaps Belgium and perhaps Norway, each company limit its output to 25 pictures per year. In Italy this would work no hardship because it is physically impossible with the existing equipment and dubbing facilities to dub 25 pictures per company. Mr. Kramer moved that authority be granted to Management to participate in the Export Corporation, subject to the approval of counsel with respect to the possibility of violation of Anti-Trust laws and with respect to the necessity of Waivers from producers, limiting the corporation's capital contribution to $5,000. Mr. Agnew seconded the motion and it was carried unanimously.

20. FOREIGN MANAGERS

Mr. Sears reported that our competitors have hired our Managers in Australasia, Denmark and Belgium and we are taking the man who was formerly Manager in South Africa, Al Lowe, as a replacement for Australasia. Mr. Lowe's salary will probably run about $500. per week.

21. CARL LESERMAN

Mr. Sears reported that Mr. Leserman is going to leave the company. However, this matter is not final and definite.

22. EALING STUDIOS, LIMITED

The Chairman stated that several years ago, Murray Silverstone made a distribution contract with Ealing Studios, Ltd. which was producing British quota pictures. It was an exclusive contract under which they were not permitted to deliver pictures to anyone else. Two of the pictures, namely, FOREMAN WENT TO FRANCE and SHIPS WITH WINGS were released in this country and

both were failures, grossing less than $125,000 each. Reginald Baker, Managing Director of Ealing Studios, Ltd. said he had an offer from Eddie Small guaranteeing him £40,000 for the U.S. rights to certain pictures but that we prevented him from securing this money. After Mr. Silverstone left, Mr. Baker sent a protest against Alexander Korda taking on "Mr. V" and using blocked Pounds in payment for it. However, this picture was not taken on by Mr. Korda but by United Artists Corporation itself. Mr. Baker complains that we caused him to lose £50,000 because we did not let him take the guarantees from Eddie Small. He now has a triple quota picture in England all finished. He has a contract with Rank for future pictures but he would like to sell us the finished picture at cost plus a profit so that he may recoup some of the £50,000 we caused him to lose. We are short a quota picture in England right now and could use a triple quota picture. We cabled our man in London to give us an estimate of what this picture will do in England and are awaiting a reply.

23. POLICY RE FUTURE PRODUCT

Some of the Directors requested that Management submit to the Board at the next meeting a plan or policy indicating the type of product the company should acquire and the type of distribution terms the company can live under and get that product with; showing what the company needs in money and facilities.

24. SAM BRISKIN - FRANK CAPRA

There was a discussion concerning the Sam Briskin-Frank Capra negotiations and the fact that these producers had signed with R.K.O.

The meeting then adjourned.

Edward C. Raftery, Chairman

Harry J. Muller, Asst. Secretary

Send the following telegram, subject to the terms on back hereof, which are hereby agreed to

FOR VICTORY BUY WAR BONDS TODAY

AUGUST 30,1945

NIGHT LETTER

PLEASE SEND FOLLOWING WESTERN UNION WIRE TO NAMES LISTED BELOW:

SIDNEY CHAPLIN, c/o Chas Chaplin Films Corp, 1416 No La Brea Ave., Hollywood, Calif
S.C.WELLS 630 FIFTH AVE., NEW YORK CITY
REX DENNANT c/o Kliel & Loeb Co., 60 E 42nd St.,
NEIL F. AGNEW c/o VANGUARD FILMS,INC., 400 MADISON AVE, NEW YORK CITY
MILTON A. KRAMER, c/o WHITE & CASE, 14 Wall St., New York City
PHILLIP F. SIFF CHILMARK, MASS
FRANKLIN COLE 120 Broadway, New York City
ISAAC A PEPPERPACKER, c/o Pepper, Bodine, Stokes & Schoch, 2225-42 Land Title Bldg., Philadelphia,Pa.

A REGULAR MEETING OF THE BOARD OF DIRECTORS OF UNITED ARTISTS CORPORATION WILL BE HELD ON TUESDAY, SEPTEMBER 11,1945 AT 12 NOON AT THE OFFICES OF THE CORPORATION, AT 729 SEVENTH AVENUE, NEW YORK CITY.

HARRY J. MULLER, ASST SECTY

CC mr H J Muller

October 10, 1945

Miss Mary Pickford
"Pickfair"
Beverly Hills, California

Dear Miss Pickford:

As requested at the Directors' Meeting of October 3rd, the following corrections in the Minutes of September 11, 1945 have been made:

5. There has been added to the end of No. 5 the following: "The action of the directors in voting for the action that was taken does not imply any alterations of the rights of the producers under their distribution contracts.".

19. There has been added after the words "Mr. Kramer moved that authority be granted to Management to participate in the Export Corporation" the words "said authority, however, to be limited at this time to Holland only".

21. The second sentence has been deleted and in its stead the following sentence has been inserted, "However, the date is not fixed.".

Will you kindly correct your copy of the Minutes to conform to the above.

Yours very truly,

H. J. Muller
Treasurer

HJM:S

This letter was sent to the following:

Isaac A. Pennypacker
Franklin Cole
E. Claude Mills
Rex Dennant
Neil F. Agnew
Milton A. Kramer
Philip F. Siff
Sydney Chaplin
Loyd Wright
George Bagnall
Charles Chaplin
Vanguard Films, Inc.
Gradwell L. Sears
Edward C. Raftery

MINUTES OF MEETING OF BOARD OF DIRECTORS
OF UNITED ARTISTS CORPORATION

A Special and Regular Meeting of the Board of Directors of United Artists Corporation was held at the office of the corporation at 729 Seventh Avenue, New York, N.Y., Wednesday, October 3, 1945 at 2 P.M.

There were present:

Neil F. Agnew
Milton A. Kramer
Philip F. Siff
Isaac A. Pennypacker
E. Claude Mills
Rex Dennant
Franklin Cole
Edward C. Raftery

constituting a quorum.

There were also present Gradwell L. Sears and George L. Bagnall, Vice Presidents and Harry J. Muller, Assistant Secretary.

Mr. Raftery acted as Chairman and Mr. Muller acted as Secretary.

1. NOTICE OF MEETING

The Meeting was called pursuant to telegraphic notice attached to these minutes.

2. MINUTES OF PREVIOUS MEETING

Certain corrections were made in the minutes of the previous meeting and the Secretary was instructed to write to each director and advise him of the corrections. Mr. Mills moved that the minutes of the previous meeting be approved as corrected. Mr. Agnew seconded the motion and it was carried unanimously.

3. MEMORANDA DISTRIBUTED TO DIRECTORS

The Chairman explained that Mr. Mills had written a letter containing a request for information concerning six items which he requested be added to

the Agenda of the meeting. The Chairman then distributed to the meeting various memoranda which contained information concerning most of the items requested by Mr. Mills. At the same time he distributed a memorandum from John Flynn concerning the aims and purposes of S.I.M.P.P. and a memorandum concerning Item 23 of the last minutes, namely, Policy Regarding Future Product.

4. SALE OF ODEON SHARES

The Chairman talked about the suggestion contained in one of the memoranda concerning the possibility of selling 80,000 Ordinary Shares of Odeon Theatres, Ltd. and 4,000 Preference Shares of Odeon Theatres, Ltd. from the shares owned by United Artists Corporation, Ltd. The total number of shares owned in Odeon Theatres, Ltd. is 82,992 Ordinary and 4,277 Preference. These shares are in addition to the shares which United Artists Corporation, Ltd. owns in Odeon Cinema Holdings, Ltd., which latter corporation owns approximately 52% of the Ordinary Shares of Odeon Theatres, Ltd. Mr. Pennypacker moved that the President be authorized to appoint a committee to make a survey of the situation to determine whether or not this is the opportune time to sell such shares and to report to the Board. Mr. Kramer seconded the motion and it was carried unanimously. The Chairman appointed Messrs. Cole, Siff and Mills as a committee for this purpose.

5. EALING STUDIOS, LTD.

The Chairman reported that in connection with Item 22 of the last meeting the people in England saw the triple quota picture produced by Ealing Studios, Ltd. and advised us that it was not suitable for distribution by us.

6. TERMS FOR FUTURE PRODUCT

There was discussion concerning future product and the terms that could be offered to Producers.

The meeting then adjourned until Thursday, October 4th at 10 A.M.

Edward C. Raftery, Chairman

Harry J. Muller, Secretary

UNION
A. N. WILLIAMS
PRESIDENT

Send the following telegram, subject to the terms on back hereof, which are hereby agreed to

FOR VICTORY
BUY
WAR BONDS
TODAY

SEPT 26,1945

PLEASE SEND FOLLOWING WESTERN UNION NIGHTLETTER TO
NAMES LISTED HEREIN BELOW

:::::::::::

R. CLAUDE MILLS, 630 Fifth Ave., New York, N.Y.
SIDNEY CHAPLIN, c/o Chas Chaplin Films Corp., 1416 No La Brea Ave., Hollywood, Calif
REX DENNANT, c/o Eliel & Loeb Co., 60 East 42nd St., New York, N.Y.
NEIL . AGNEW, c/o VANGUARD FILMS, INC., 400 Madison Ave., New York, N.Y.
MILTON A. KRAMER, c/o White & Case, 14 Wall St., New York, N.Y.
PHILIP F. SIFT, 131 Riverside Drive, New York, N.Y.
FRANKLIN COLE, 120 Broadway, New York, N.Y.
ISAAC A PENNYPACKER, c/o Pepper, Bodine, Stokes & Schoch,
2225-42 Land Title Bldg., Philadelphia, PA.

:::::::::::

A SPECIAL AND REGULAR MONTHLY MEETING OF THE BOARD OF DIRECTORS OF

UNITED ARTISTS CORPORATION, WILL BE HELD ON WEDNESDAY, OCTOBER 3,1945,

AT 2 P.M., AT THE OFFICES OF THE CORPORATION, AT 729-7th AVENUE, NEW YORK CITY.

MATTERS TO COME BEFORE MEETING ARE BEING SENT YOU IN WRITTEN AGENDA.

HARRY J MULLER, ASST SECTY

CC MR H J MULLER

MINUTES OF ADJOURNED MEETING OF BOARD
OF DIRECTORS OF UNITED ARTISTS CORPORATION

An adjourned meeting of the Board of Directors of United Artists Corporation was held at the office of the corporation, 729 Seventh Avenue, New York, N.Y., Thursday, October 4th, 1945 at 10 A.M.

There were present:

Neil F. Agnew
Milton A. Kramer
Philip F. Siff
Isaac A. Pennypacker
E. Claude Mills
Rex Dennant
Franklin Cole
Edward C. Raftery

constituting a quorum.

There were also present Gradwell L. Sears and George L. Bagnall, Vice Presidents and Harry J. Muller, Assistant Secretary.

Mr. Raftery acted as Chairman and Mr. Muller acted as Secretary.

1. FOREIGN SURVEY

Mr. Kramer called the attention of the Board to the obligation of the corporation to make a survey in foreign territories as set forth in the letter agreement dated October 4, 1941 signed by The Pickford Corporation, Charles Chaplin, Alexander Korda and London Film Productions, Ltd. There was discussion concerning surveys made by Mr. Landy Lawrence in 1942. Mr. Sears stated that, not because of this obligation but as a matter of good business policy for the company, he will make a trip to Latin America to study the situation down there and will make a report to the Board upon his return.

2. GOVERNMENT SUIT

There was discussion concerning the Government suit of U.S. vs. Paramount et al and it was stated that this suit goes to trial on October 8, 1945.

3. VANGUARD FILMS, INC.

The Chairman referred to Item 3 of Mr. Hills' letter concerning the position of the company in relation to Vanguard. He stated that if litigation is started against Vanguard we should get separate and distinct counsel. He stated that he rendered an opinion in 1943 and as a result of the opinion he feels that he and his firm are disqualified. He stated that he believed that the company should retain counsel and get an opinion of the position of the company. He further stated that Vanguard is contemplating an action against United Artists Corporation based upon improper distribution of the two pictures that have been delivered. Mr. Kramer stated that the President sent a notice to each of the directors containing six points of possible dispute between the company and Vanguard. He stated that paragraphs 1 and 6 deal with theatres and therefore fall as legal problems. He further stated that paragraph 5 deals with the possible rights of United Artists Corporation in connection with CAESAR AND CLEOPATRA but that since the arrangement with Vivien Leigh was made years ago, this item would fail. He stated that paragraph 2 concerns the alleged Rank deal but that there is nothing in the relationships between Mr. Rank and Mr. Selznick which interferes with Mr. Selznick's relationships with this company. Mr. Kramer is willing to make a disclosure of these facts to Mr. Pennypacker in confidence, subject to the approval of his client. He stated that this leaves as possible legal questions the RKO matter covered in paragraph 3 and the point made in paragraph 4. The Chairman asked Mr. Kramer to give consideration to the possibility of disclosing to Mr. Pennypacker in confidence the RKO deal. After discussion, Mr. Cole moved, "Be it resolved that the corporation retain the firm of Pepper, Bodine, Stokes and Schoch of Philadelphia, Pa. to conduct on behalf of the company a study of our relationship with Vanguard Films, Inc. and David O. Selznick, both as to alleged breaches by the producer and alleged

breaches by the distributor since October 4, 1941 and render to the Board of Directors a legal opinion clearly setting forth the company's position in this matter but to defer such investigation for two weeks to enable the parties to confer and at that time the Chairman to decide whether to proceed or not". Mr. Raftery seconded the motion and it was carried unanimously, Mr. Pennypacker not voting.

At this point Mr. Cole asked to be excused and left the meeting.

4. S.I.M.P.P.

Mr. Mills moved to table this matter and to invite Mr. Nelson to the next meeting to explain what he can do for the corporation. Mr. Agnew seconded the motion and it was carried unanimously.

5. Al Love

Mr. Sears explained that Mr. Al Love has been employed by the corporation for more than twenty years and that he is leaving shortly for Australia and to assume charge of the Far Eastern territories. He recommends that we put him under a five year contract, $400. per week for the first two years, $500. per week for the second two years and $600. per week for the fifth year. Mr. Mills moved that, based upon the recommendations of Mr. Sears and Mr. Raftery, Management be authorized to make an employment contract with Al Love upon the terms stated, the contract to provide that he is employed under the supervision of New York in the Foreign Department, that he can be assigned to any territory and to any duties that the Foreign Department might decide upon, that his first assignment shall be the Australasian assignment and the corporation to have the right to change that assignment. Mr. Agnew seconded the motion and it was carried unanimously.

6. CONSTANCE BENNETT

There was an informal discussion of the Constance Bennett matter.

At this point Mr. Kramer asked to be excused and left the meeting.

7. HARRY SHERMAN

Mr. Bagnall stated that there is an acute shortage of studio space in Hollywood and that if a distribution agreement were made with Harry Sherman an arrangement could be made to give United Artists' producers first call on the Harry Sherman studio. There was further discussion of this matter but no action was taken.

At this point Mr. Pennypacker asked to be excused and left the meeting.

The meeting then adjourned.

Edward C. Raftery, Chairman

Harry J. Muller, Secretary

MINUTES OF MEETING OF BOARD OF
DIRECTORS OF UNITED ARTISTS CORPORATION

A special and regular meeting of the Board of Directors of United Artists Corporation was held at the offices of the corporation at 729 Seventh Avenue, New York, N.Y., Tuesday, November 13, 1945 at 2 P.M.

There were present:

Neil F. Agnew
Milton A. Kramer
Philip F. Siff
Isaac A. Pennypacker
E. Claude Mills
Rex Dennant
Franklin Cole
Edward C. Raftery

constituting a quorum.

There were also present Gradwell L. Sears, Vice President and Harry J. Muller, Assistant Secretary.

Mr. Raftery acted as Chairman and Mr. Muller acted as Secretary.

1. NOTICE OF MEETING

The meeting was called pursuant to telegraphic notice attached to these minutes.

2. MINUTES OF PREVIOUS MEETING

Mr. Mills moved that the reading of the minutes of the previous meeting be dispensed with since such minutes were circulated to all directors and stockholders. Mr. Dennant seconded the motion and it was carried unanimously.

3. VANGUARD FILMS, INC.

The Chairman reported that Vanguard Films, Inc. has now requested a distribution contract covering 60 minute feature pictures similar to the contracts of The Pickford Corporation and Charles Chaplin. He stated that he would send such a contract to Mr. Kramer as soon as it was prepared.

4. THE LOS ANGELES THEATRES

The Chairman stated that he received a letter from Mr. Dennant making certain inquiries concerning the operation of the four theatres in Los Angeles. In response thereto he stated that the nature and extent of profits of these theatres will not be determined for another four or five weeks. He has been informed by Mr. Blumenfeld that the theatres are all making good profits except the Hawaii Theatre, which is making a profit but not a satisfactory profit. The film rentals from these theatres have not been adjusted because the final expenses of the theatres have not yet been determined. However, the tentative film rentals are as follows:

G.I.JOE	$33,800
GUEST WIFE	28,800
SOUTHERNER	21,000
COLONEL BLIMP	3,400

~~No Producer other than Vanguard Films, Inc. has refused to play the theatres as its pictures became available.~~

5. CONTRIBUTIONS

The Chairman stated that the company received requests for contributions to the National War Fund and to the Greater New York Fund. Last year the company contributed $10,000 to the National War Fund which was credited $2,500 to New York City and $7,500 to other exchange cities in amounts varying from $100 to $500 each. Last year's contribution to the Greater New York Fund was $1,250. The company has received considerable urging from various important exhibitors. Mr. Agnew moved that the company make the same contributions as last year; namely, $10,000 to the National War Fund and $1,250 to the Greater New York Fund. Mr. Cole seconded the motion and it was carried unanimously.

6. COMPANY OWNED PICTURES

The Chairman stated that he received a written offer from George J. Schaefer on behalf of himself and a group of people of

1. The sum of $1,000,000 in cash, or
2. Alternatively, an advance of $750,000 against 50% of all monies received, said advance to be recouped from the 50%

for the following pictures which are owned by the company or its subsidiary,

All Paramount pictures, consisting of three features, five Sherman Specials, and 13 Hopalong Cassidys.

All Wanger pictures, consisting of 17 features.

DANGEROUS JOURNEY

TO BE OR NOT TO BE

Under the proposal, all rights would be conveyed to Mr. Schaefer and his group, including the 16 MM rights and the television rights. Mr. Schaefer would personally supervise the distribution of the pictures world-wide. Mr. Raftery has informed Mr. Schaefer that in the event a deal is consummated, Mr. Schaefer could only distribute these pictures when the period of distribution by us has terminated under our contract with United Artists Productions, Inc. Certain Wanger pictures have participation arrangements with directors and stars but no discussions have been had with Mr. Schaefer concerning these participations. Mr. Agnew moved that the Board authorize Management to negotiate. Mr. Mills seconded the motion and it was carried unanimously.

7. VOICE IN THE WIND

The Chairman stated that the company has an opportunity to sell the rights for Continental Europe to Film Classics, Inc. for VOICE IN THE WIND for $25,000. The producer has indicated his desire that the company accept this offer. The banks have taken the position that United Artists Corporation

has a moral obligation to get them out even on this picture because of our representations that we would be able to salvage the bank loan. The Chairman pointed out that he did not wish any motion on this matter but he was merely reporting the fact that the company might be forced by the producer to accept this offer.

8. JACK LONDON

The Chairman stated that he received a request for the return of JACK LONDON from Samuel Bronston, the producer of that picture. Bronston owes Mrs. Charmaine London $10,000 and $10,000 for Social Security taxes. Various assignments have been filed with us covering the proceeds of this picture. The Government contends its lien precedes all other liens, therefore the producer's share is being withheld by us. Bronston would procure from all assignees an authorization which would relieve us from any obligations to them and the producer would give us a release. Mr. Dennant moved that Management be authorized to completely terminate the distribution contract on JACK LONDON provided the corporation is relieved of all liens. Mr. Agnew seconded the motion and it was carried unanimously.

9. STAGE DOOR CANTEEN

The Chairman stated that the producer of STAGE DOOR CANTEEN has an opportunity to sell the 16 MM rights, notwithstanding the fact that our distribution contract prohibits the use of such rights until next June. Mr. Agnew moved that Management be authorized to permit the producer to sell the 16MM rights at this time. Mr. Mills seconded the motion and it was carried unanimously.

10. SOL LESSER

The Chairman stated that Sol Lesser wants to make a new distribution

contract with us for quality pictures of a much higher type than those provided for in the preceding contract. The Chairman has concluded a negotiation for a minimum of one and a maximum of three pictures per year for the calendar years 1946, 1947 and 1948, the terms to be the same terms as Mr. Lesser had in his preceding contract, namely 25% for U.S., Canada and England and up to 50% for the rest of the world, the terms for Continental Europe to be determined at a later date. The terms for Continental Europe would be no worse than other major companies charge themselves, no lower than 35% but in all probability would reach 50%. Mr. Mills moved to authorize Management to make the deal on the basis described. Mr. Cole seconded the motion and it was carried unanimously.

11. S.I.M.P.P.

The Chairman reported that it was impossible for Mr. Donald Nelson to attend today's meeting because he is busily engaged on the studio labor matter, which is settling the strike. The Chairman stated that Loyd Wright advised him that he talked to Miss Pickford who urges that the company join the Society at the cost of 1/4th of 1/2% of domestic gross. In discussing this matter, the directors stated that they could see no advantages to be gained by United Artists Corporation making such contributions. Mr. Pennypacker moved that the corporation decline to contribute to the expenses of the S.I.M.P.P. Mr. Mills seconded the motion and it was carried unanimously.

12. HANGMEN ALSO DIE

The Chairman stated that the producer of HANGMEN ALSO DIE requests the return of the 16 MM rights of this picture for England only. Mr. Mills moved that Management be authorized to grant this request. Mr. Agnew seconded the motion and it was carried unanimously.

12. [redacted]

The Chairman reported that United Artists Productions, Inc. owns $[redacted] of U.S.Certificates of Indebtedness 7/8%, due December 1, 1945 and many requests have been received for subscriptions to Victory Loan Bonds. Mr. Dale moved that Management be authorized to sell $25,000 worth of the 7/8% Certificates of Indebtedness and buy $50,000 worth of the Five Year Bonds.

13. [redacted]

The Chairman stated that Mr. Hill wrote a letter complaining about the fact that the corporation purchased certain space in Trade Papers to advertise the Victory Loan. He also explained that the seven other distributing companies expected us to share equally in the advertising they were doing for the Victory Loan on the basis of each company paying 1/8th. He refused to go along on this basis and accordingly the company took a page in a limited number of Trade Journals in its own name.

14. [redacted]

The Chairman stated that he had been attending the court sessions of the Government Law Suit and at some of these sessions sworn testimony was given of grosses on top pictures of other distribution companies. He stated that he would extract this information from the voluminous transcriptions and send it to each of the Directors.

15. [redacted]

The Chairman stated that a report has come in from Mr. Lewis of our London office which contains a comparison of Odeon Theatres Limited with [redacted] and Associated British Corporation, Limited. He therefore suggested that the Board table consideration of the Committee's report on this matter until the Committee has had an opportunity to examine

this report. The Secretary was instructed to send photostatic copies to each director and stockholder.

[redacted]

The Chairman stated that Mr. Sears is leaving for England November 19th and he may leave for England at the same time unless the Government Trial does not permit, in which event he plans to leave on November 24th. The reasons for this trip are as follows:

(a) The English subsidiary's quotas are finished at the beginning of 1946, unless the Board of Trade grants some special consideration and they have an opportunity to bring back a deal whereby the corporation would get a limited number of British productions for world-wide distribution. This may require some financing, probably in the nature of guarantees.

(b) The English subsidiary is receiving less playing time from Odeon Theatres Limited and this matter requires attention.

(c) It is also necessary to check into the liabilities and commitments in connection with Real Estate sites of Odeon Cinema Holdings, Limited.

[redacted]

The Chairman stated that because of the Government Suit he has been unable to do anything with the report of the Special Committee appointed to study the question of reduction of expenses of the corporation. Mr. Mills then read from the report the recommendations of the Committee. Mr. Sears stated that he thought the 10% reduction in expenses could be accomplished but he could not prepare a budget by the December meeting because he is going to England. Mr. Loew stated that any incentive plan should take into consideration awards for extra business rather than for savings. Mr. Rosenzweig moved that the recommendations of the Committee be adopted by the Board with the modification that the date for reporting on the budget and the conclusion of

Management respecting possible savings be made January 15, 1946. Mr. Dunnant seconded the motion and it was carried unanimously. Mr. Pennypacker moved that the Committee Report be attached to the minutes of this meeting. Mr. Siff seconded the motion and it was carried unanimously.

19. CARL LESERMAN

Mr. Sears stated that Mr. Leserman will terminate his employment with the corporation either at the end of this week or at the end of next week. Mr. Sears further stated that his present plans are not to replace Mr. Leserman.

20. HARRY SHERMAN

Mr. Dunnant reported that he received a letter from Harry B. Sherman. Other directors stated that copies of this letter went to each member of the Board. Mr. Raftery stated that he sent a copy of this letter to Mr. Bagnall with a request that he see Mr. Sherman. Mr. Raftery also stated that he would answer this letter.

21. FINANCIAL REPORTS

There were then distributed to the directors present the following reports:

Estimated World-Wide Profit and Loss for the 39 weeks ending September 29, 1945.

Condensed Operating Statement (foreign only) for the 39 weeks ending September 29, 1945.

Monthly Cabled Report for the 39 weeks ending September 29, 1945.

Tentative Consolidated Balance Sheet and Tentative Consolidated Income Statement as at September 1, 1945 (with certain exceptions).

22. [redacted]

Mr. Biff stated that he is leaving for Japan about December 1, 1945 and expects to be gone for a period of from three to six months.

23. [redacted]

Mr. Deare stated that present indications are that the Export Corporation will be successful in Holland in obtaining the results desired by the American Motion Picture industry.

The meeting then adjourned.

Edward C. Raftery
Edward C. Raftery, Chairman

Harry A. Miller, Asst. Secretary

Send the [illegible] to the terms on both hereof, which are hereby agreed to

FOR VICTORY
BUY
WAR BONDS
TODAY

NOVEMBER 2,1945

PLEASE SEND FOLLOWING MIGHT LETTER VIA WESTERN UNION TO
NAMES AND ADDRESSES AS LISTED BELOW.

::::::::::::::::::::::::::::

Isaac, Pennypacker, c/o Pepper, Hodine, Stokes & Schoch, [illegible] Land Title Bldg., Philadelphia, Pa.

Franklin Cole,	120 Broadway, New York, N.Y.
Neil F. Agnew,	c/o Vanguard Films, Inc., 400 Madison Ave., New York, N.Y.
Milton A. Kramer,	c/o White & Case, 14 Wall St., New York, N.Y.
Philip F. Siff,	131 Riverside Drive, New York, N.Y.
Sydney Chaplin	c/o Chas Chaplin Films Corp., 1416 No La Brea Ave., Los Angeles, Calif.
[illegible] Claude Mills,	630 Fifth Ave., New York, N.Y.
Rex Bennett,	c/o Eliel & Loeb Co., 60 East 42nd St., New York, N.Y.

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In all probability the Government case will carry through most of next week.

In addition, Mr. Agnew has not returned from California. Therefore the Special Meeting now set for Wednesday, November 7,1945, at 2 P.M. will be combined with the Regular Meeting of the Board of Directors, to be held on November 13,1945, at 2 P.M. at the offices of the corporation at 729 Seventh Avenue, New York City. Please consider this the notice of both the Special and Regular Meeting.

HARRY J. MULLER, Asst Secty

UNITED ARTISTS CORPORATION

Report of Special Committee appointed
"to study the question of reduction of expenses
of the Corporation"

New York City

22nd October 1945

To the -

Chairman and Board of Directors
UNITED ARTISTS CORPORATION:

Upon motion of Mr. Pennypacker, duly seconded and unanimously carried, at the Meeting of the Board of Directors held 5th June 1945, a Special Committee consisting of Messrs. Cole, Stiff and Mills was appointed by the President "to study the question of reduction of expenses of the Corporation and to report to the Board as to the advisability of reducing expenses at their earliest convenience."

The following is the Report of the Committee, with recommendations:-

1. Competitive conditions governing the terms for the distribution of the highest quality product are such as preclude the probability of profitable operation, unless gross income can be realized at levels substantially higher than past or anticipated actual averages.

2. The Balance Sheet position of the Corporation over a period of approximately the past three years has consistently deteriorated, while during the same period the cost of both domestic and foreign operation has consistently increased.

The Corporation's total world-wide expenses are currently running at an annual rate in excess of $7,600,000. as compared with $6,900,000. in 1944 and $5,600,000. in 1942, or about 35% greater within three years. The Committee realizes that a portion of the increase is due to causes (such as Labor Union requirements) outside Management's control, but it is its definite impression that controllable expenses are not subject to adequate centralized supervision.

3. Future operation under post-war conditions at home and abroad will be subject to the hazards incident to re-formation of trade and economic policies in foreign countries and to the vicissitudes of the domestic economy. The Corporation does not have reserves sufficient to protect itself against having to carry over even a brief period of extraordinary adversity.

4. After carefully studying the world-wide organizational set-up of the Corporation, and analyzing the records relating to operating costs, the Committee does not feel that it should rely upon its judgment to the extent of usurping the prerogatives and duties of Management as regards identifying particular items or departments, with recommendations for specified reductions therein.

The Committee is of the opinion that the Management of the Corporation is best qualified to particularize where, when and how the economies recommended to be effected can be most wisely applied.

5. The Committee is unanimously of the opinion that effective as of 1st January 1946, the over-all operating costs of the Corporation should be reduced by a sum not less than 10% of the total amount expended during the calendar year 1945.

It is believed by the Committee that this can be accomplished without detriment to the Corporation, to the producers whose product it distributes or to the executive and other personnel employed by the Corporation.

6. The Committee, therefore, unanimously recommends that the Board of Directors promptly adopt resolutions to the following effect:-

(a) That each Department or Division of the Corporation be requested to submit on or before 1st December 1945 a budget in such detail as Management may prescribe, to cover anticipated needs for the calendar year of 1946, and that Management re-adjust these budgets respectively in such manner as will result in the stipulated and necessary reduction of not less than 10% in the over-all estimated operating costs, in comparison with the actual figure for the calendar year of 1945.

It is respectfully urged that management, in making such [illegible] or reductions in the various [illegible] budgets, do so with careful regard to maintaining maximum efficiency of [illegible] operation.

It is, however, the [illegible]ion of the Committee's [illegible] recommendation that the [illegible] for the calendar year [illegible] not less [illegible] 5.

All budgets, or proposals for increases or decreases therein; all matters involving unusual or extraordinary major expenditures; and any proposals involving a change in or departure from the financial policy or operation of the Corporation, shall in advance of adoption be submitted to the Finance Committee for study and recommendation to the Board of Directors.

The Finance Committee is not empowered upon its own initiative to make any changes in policy, or to authorize extraordinary and unusual expenditures. Its authority is strictly limited to study and analysis of such proposals as may be presented, or such appropriate matters as may come to its attention, and to make a report with recommendations to the Board of Directors at any regular or special meeting.

It shall require the affirmative action of the Board of Directors to validate any action, proposal or recommendation of the Finance Committee.

The Finance Committee shall be regarded by the Executive Officer of the Corporation and by the Controller as at all times available for consultation.

(e) The Corporation lacks any long-range incentive scheme to encourage extraordinary effort upon the part of staff to either increase the volume of business or decrease the cost incident to securing business.

The Committee, therefore, recommends that authorization be granted for an immediate study of the possibilities and a recommendation to the Board of Directors on this subject.

For the Committee, Messrs. Cole and Siff concurring, this Report is

Respectfully submitted,

E. C. MILLS

CC to Messrs. Neil Agnew, Sydney Chaplin, Franklin Cole, Rex Dennant, Milton Kramer, Isaac A. Pennypacker & Philip P. Siff

MINUTES OF MEETING OF BOARD OF DIRECTORS
OF UNITED ARTISTS CORPORATION

A special meeting of the Board of Directors of the United Artists Corporation was held at the office of the corporation, 729 Seventh Avenue, New York, N.Y., Wednesday, December 5, 1945 at 2:30 P.M.

There were present:

Neil F. Agnew
Milton A. Kramer
Philip F. Siff
E. Claude Mills
Isaac A. Pennypacker
Rex Dennant
Franklin Cole

constituting a quorum.

There was also present Harry J. Muller, Assistant Secretary.

Mr. Mills acted as Chairman and Mr. Muller acted as Secretary.

1. NOTICE OF MEETING

The meeting was called pursuant to telegraphic notice attached to these minutes.

2. ANGLO AMERICAN FILM COMPANY

The Chairman referred to the cable dated November 30, 1945 which was received from Mr. Raftery and telegraphed to all directors and stockholders, reading as follows:

"London - November 30

Harry Muller
Unartisco

Send the following telegraphic message to owners and directors immediately Quote Sears Raftery cabled following message for retransmittal Stop At half the cost of one triple quota picture we can resolve our distribution and production problems England for next five years by purchasing Anglo American Film Company for 80,000 Pounds together with releasing franchise from British National Studios for minimum of 10 and maximum of 15 pictures yearly with no production financial responsibility of any kind on our part and United would

distribute throughout the world on basis of United receiving 30 percent of all film rentals after recoupment of negative costs prints and advertising and United would have complete and final approval of budget cost Stop British National only remaining independent studio England today owned by Lady Yule and has delivered for American consumption such pictures as MR. VIC, ONE OF OUR AIRCRAFT IS MISSING Stop Anglo American have branches all principal cities United Kingdom with main office London and have no continuing liabilities worth mentioning as United can absorb whatever space and equipment owned by them and dispose of that unneeded at profit Stop Most important factor entire transaction there is no fixed obligation only an option by United to distribute aforementioned ten pictures annually anywhere excepting United Kingdom and as pictures are presently budgeted at cost which makes possible complete recoupment and substantial overall profit from English market Secondly and particularly attractive is elimination of any further production responsibility with those remaining producers who have as yet made no deal with J Arthur Rank Stop Since we are obliged under existing monetary quota to spend minimum 150,000 Pounds annually in British production and cinemas are obligated to absorb 20 percent of their total playing time with British made films and since almost surety that existing quota requirements will be drastically revised particularly as applied to exhibition requirements it becomes readily apparent that this proposal is the perfect solution for Uniteds problems and both Sears and Raffery urge immediate approval this arrangement in principle otherwise they forced to negotiate production arrangements which are particularly difficult in light of shortage of studio space and J Arthur Ranks formula for production financing Stop Naturally Price Waterhouse and Slaughter and Hay will give us full protection on deal Stop Anticipating early cable reply to Raffery and Sears Care Unartisco London Unquote Regards Ed Raffery"

Mr. Biff stated that he sent a reply cable to Messrs. Raffery and Sears before he knew he would attend a meeting concerning this matter. His cable is as follows:

"December 4, 1945

Messrs. Sead Sears & Ed Raffery
Unartisco
London (England)

Approve in principle suggested purchase Anglo-American Film Company but cannot give definitive approval without great deal additional information suggest therefore obtaining option long enough to permit your presenting matter to Board upon your return Stop Assume funds for purchase will be obtained from sale free Disney stock or in some other manner making unnecessary transfer additional funds from this country Regards Philip J Biff"

The Chairman then read to the meeting his cable dated December 1, 1945 to Messrs. Sears and Raffery and the reply he received thereto. These cables are as follows:

"December 1, 1945

Sears-Raftery
Unartisco London

Be cable to Miller please furnish following information First Is obligation of British National to produce minimum of ten annually firmly binding Second How can United get benefit for quota purposes of distribution of these pictures if distributed through Anglo American Third Is intention to merge Anglo American with United to accomplish foregoing and if so would British National consent to transfer of their distribution contract from Anglo American to United so that British National obligation to deliver will continue Fourth Is there any question that Government will refuse to recognize British National pictures for quota purposes since under proposal no additional pictures will be made United merely taking over distribution which would otherwise continue through existing British channels Fifth Are there any physical assets such as picture residuals or ownerships or other assets in Anglo American worth all or a substantial part of quoted purchase price Sixth Is it possible to modify proposal to allow United distribution charge prior to liquidation of production costs, etc. Regards Mills"

"London - December 3, 1945

Claude Mills
504 International Bldg
620 Fifth Ave (New York)

Supplying information requested Naturally obligation of British National to produce minimum ten pictures annually would be firmly binding and United would get full benefit for quota purposes because United intends liquidate business of Anglo American and make new distribution agreement with British National covering minimum five years as quota law specifically indicates certificate of ownership sufficient for quota purposes and pictures will be registered in name United Artists Limited British National must consent to transfer their distribution agreement from Anglo American to United Artists otherwise no deal Apparently no doubt as to Government recognition British National pictures released by United for quota purposes Cannot properly evaluate physical assets residuals or other ownerships of Anglo American which is purely distribution organization with exchange system United Kingdom only which may or may not be worth purchase price but know of no more economic way of acquiring quotas No possibility of modification distribution as British National certainly would not renew with United on less favourable deal than they have enjoyed for the past eight or nine years with Anglo American Furthermore accepted distributor financing this country present time is for distributor to guarantee seventy-five percent of negative cost within nine months of delivery of negative and should we not make this deal we certainly will have to make substantial financial contributions towards production financing Please cable promptly Regards Sears Raftery"

During the meeting a telephone call was received from Mr. Alf Reeves, representative of Mr. Charles Chaplin, advising that Mr. Chaplin had sent a telegram stating he was not in favor of the purchase until the company was in better financial condition. The telegram referred to reads as follows:

"December 5, 1945

H.J.Muller
United Artists Corp.

Answering your wire of November 20th it is my belief we should not invest anything until our company is in a good financial position. Regards.
Charles Chaplin"

After considerable discussion, it was agreed that a cable should be sent to Messrs. Raftery and Sears and before the cable was in final form Mr. Kramer asked to be excused and left the meeting. The cable which was finally agreed upon and sent to Messrs. Raftery and Sears is as follows:

"December 5, 1945

Messrs. Raftery and Sears
Unartisco
London (England)

The Board Meeting today recognize primary importance of meeting British quota requirements and approve proposed purchase of Angloamerican subject to the following First That this purchase in your opinion is preferable to production contract with Rank Korda or other producer Second That a direct contract with British National is not feasible Third That the expense of liquidating Angloamericans commitments in connection with merger can be met out of its assets Fourth That we have official assurance from appropriate governmental authority that deal if effected as outlined will satisfy quota requirements Fifth That Uniteds option for external distribution may be exercised as to all or any part of the annual production Sixth That you will furnish names of artists directors and top studio personnel to be engaged in making these pictures for us and statement of Angloamerican operating results Stop It is assumed that contract in final form will be subject to approval of this Board Stop Please inform us how you plan to finance the deal Stop The Board is unanimously receptive and fully recognize great difficulties of successful negotiations under current conditions Stop Regards from all
Harry Muller, Assistant Secretary"

3. 'THE HALF CASTE'

The Secretary explained that Mr. Raftery agreed to sell to Mr. Arthur Kelly the story called 'THE HALF CASTE' for the same price which the Australian corporation some years ago paid for it, namely, 75 Australian Pounds. Our Australian subsidiary has cabled authority to sell upon such terms as the Board of United Artists Corporation shall approve; the agreement of sale to be signed by an officer of United Artists Corporation appointed by the Board of that corporation. Upon motion made by Mr. Dennant and seconded by Mr. Agnew, it was,

> RESOLVED, that the Board approves the sale of THE HALF CASTE to Arthur W. Kelly, for the sum of 75 Australian Pounds and designates Paul O'Brien as Assistant Secretary to execute whatever legal documents are necessary to make this sale effective.

The meeting then adjourned.

E. Claude Mills, Chairman

Harry J. Muller, Secretary

ARTISTS

TELEGRAM

CO.

Send the following message subject to your terms and charge to ______________

[illegible] 6, 1948

THE FOLLOWING WIRE IS TO BE SENT BY WESTERN UNION
TO THE NAMES AND ADDRESSES LISTED BELOW.

Isaac A. Pennypacker, c/o Pepper, Bodine, Stokes & Schoch, 1500-42 Land Title Bldg.,
Philadelphia, Pa.

Franklin Cole, 120 Broadway, New York, N.Y.
Neil F. Agnew, Vanguard Films, Inc. 405 Madison Ave., New York, N.Y.
Milton A. Kramer, c/o White & Case, 14 Wall St., New York, N.Y.
Philip F. Siff, 130 Riverside Drive, New York, N.Y.
Sydney Chaplin, c/o Chas. Chaplin Films Corp. 1416 No. La Brea Ave., Los Angeles, Calif.
E. Claude Mills, 580 Fifth Avenue, New York, N.Y.
Max [illegible], c/o [illegible] & Loeb, 60 East 42nd Street, New York, N.Y.

A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF UNITED ARTISTS CORPORATION WILL BE

HELD ON WEDNESDAY, DECEMBER 8, 1948 AT 2:30 P.M. AT THE OFFICES OF THE CORPORATION AT

729 SEVENTH AVENUE, NEW YORK CITY, N.Y. TO CONSIDER THE CERTAIN MATTERS SUBMITTED IN
DATED
[illegible] NOVEMBER [illegible], 1948 AND SUCH OTHER

AND FURTHER MATTERS AS MAY COME BEFORE THE MEETING.

HARRY J. [illegible], ASST SECRETARY

[illegible]

MINUTES OF MEETING OF THE BOARD OF
DIRECTORS OF UNITED ARTISTS CORPORATION

A special and regular meeting of the Board of Directors of United Artists Corporation was held at the office of the corporation at 729 Seventh Avenue, New York, N.Y., Thursday, December 20, 1945 at 2 P.M.

There were present:-

Neil F. Agnew
Milton A. Kramer
Philip F. Siff
Isaac A. Pennypacker
E. Claude Mills
Rex Dennant
Franklin Cole
Edward C. Raftery

constituting a quorum.

There were also present Gradwell L. Sears, Vice President and Harry J. Muller, Assistant Secretary.

Mr. Raftery acted as Chairman and Mr. Muller acted as Secretary.

1. NOTICE OF MEETING

The meeting was called pursuant to telegraphic notice attached to these minutes.

2. MINUTES OF PREVIOUS MEETING

The Chairman requested that approval of the minutes of the previous meeting be delayed until the end of the meeting.

3. OFFICERS TRIP TO ENGLAND

The Chairman distributed to the directors present a memorandum dated December 18, 1945, copy of which is annexed hereto and made part hereof, reporting on the trip to England of Mr. Sears and himself. Attached to this

memorandum was a letter dated December 12, 1945 addressed to Robert Kane and signed by Mr. Raftery together with a reply dated December 13, 1945 signed by Ortus Films, Limited by J. R. Sutro, Managing Director and by New World Pictures, Limited by Robert T. Kane, Chairman and Managing Director. The Chairman stated that the arrangement covered by these letters would take care of our English subsidiary's quota requirements to April 1, 1947. Mr. Mills moved that the Board approve and ratify the arrangement with Messrs. Kane and Sutro submitted in the memorandum. Mr. Agnew seconded the motion and it was carried unanimously. The Chairman requested that no publicity be given to the deal until the formal contract is signed and the producers have acquired studio space.

4. HOWARD HAWKS

The Chairman submitted a proposal from Howard Hawks for one picture to be produced and directed by Mr. Hawks. He is fully financed and production is to start in February 1946. The picture would be known as "THE DARK AGE". The story is a mystery melodrama. The picture will be adequately cast by Mr. Hawks and Charles Feldman, who is in the deal with Mr. Hawks. The terms would be 25% for the United States and Canada, 30% for England and regular standard terms for the rest of the world. George Bagnall recommended the deal. Mr. Sears and the Chairman are enthusiastic about it. Mr. Agnew moved that Management be authorized to enter into the arrangement which has just been outlined. Mr. Mills seconded the motion and it was carried unanimously.

5. BENEDICT BOGEAUS

We have a contract with Benedict Bogeaus dated in 1942 which was

amended in 1945 and calls for six pictures. Four of these pictures have been delivered, as follows:

BRIDGE OF SAN LUIS REY
DARK WATERS
CAPTAIN KIDD
DIARY OF A CHAMBERMAID

The amendment was made primarily to get a stipulation to the effect that the General Service Studio would be available for United Artists producers exclusively. Mr. Bogeaus is requesting an extension of his contract to December 31, 1947 and that he be privileged during this two year period to deliver a minimum of two pictures and a maximum of five pictures in each year. Terms would be 25% for the United States, Canada and England and standard terms for the rest of the world. The minimum and maximum would be at the option of Mr. Bogeaus. It means that Mr. Bogeaus would be permitted to deliver to us at the outside eight pictures in addition to the two he is presently committed for. The pictures he has under contemplation are,

MR. ACE AND THE QUEEN, starring George Raft

THE STRANGE CASE OF CAPTAIN MCCOMBER, starring Gregory Peck, to be co-produced by Casey Robinson

PAVLOWA, starring Toumonova, to be co-produced by Casey Robinson

The terms of the original contract were 25% for United States, Canada and England covering the first three pictures and the 1945 amendment provided for 27½% for United States, Canada and England for the next three pictures. The new proposal is for 25% terms for the United States, Canada and England on all ten pictures, standard terms for the rest of the world. Mr. Dennant moved that Management be authorized to conclude this deal, giving to Management the latitude to close at 27½% or 25% depending upon which deal can be made. Mr. Agnew seconded the motion and it was carried unanimously.

6. WILLIAM BOYD

Mr. Sears submitted a proposal from William Boyd who has an arrangement with Benedict Bogeaus and Carl Leserman for the production of six to eight Hopalong Cassidys per year for three years, distribution terms to be 35% world-wide, the producer to bear all prints and advertising. Asked if he were in favor of this deal, Mr. Sears stated that it depends upon how many streamliners he is going to get. If he does not get the streamliners, he wants the Hopalongs, if he gets 18 streamliners, he does not want the Hopalongs. Mr. Agnew moved that on condition that a release be secured from Harry Sherman clearing United Artists Corporation from any possible claim, Management be authorized to make this deal. Mr. Mills seconded the motion and it was carried unanimously.

7. JOHN GRIERSON

Mr. Sears stated that Mr. Grierson is a highly educated, active and able man with degrees from many universities and with contacts with influential people in various parts of the world. He made the World-In-Action shorts for the Canadian Government which we released. He now proposes to make three series of shorts, one called WONDER FACTS covering inventions and discoveries and their effect upon mankind, another subject is called WORLDWISE covering front page news while it is hot, and the third an outdoor series as a supplement to WONDER FACTS or WORLDWISE, the latter covering unusual sports and wild life. Each series would consist of twelve single reels per year, making an aggregate of 36 single reels per year. Terms would be similar to the terms for World-In-Action, which were 35% for the United States and 45% for Canada. Since the World-In-Action were not distributed in foreign countries, the terms for these countries would have to be worked out.

Mr. Agnew moved that Management be authorized to make a three year deal, foreign to be on the best terms obtainable, with the reservation that we may exclude political propoganda. Mr. Mills seconded the motion and it was carried unanimously.

8. SOL LESSER

The Chairman stated that Mr. Lesser has an opportunity to sell the 16 MM rights on THREE'S A FAMILY before the period of time elapses during which we have the right to stop him. The rights would be for household use only, non-theatrical. Mr. Mills moved that as a matter of policy the company should not return any 16 MM rights until the expiration date. Mr. Dennant seconded the motion and it was carried unanimously.

9. ADVENTURE FILMS, INC.

We have been distributing for Adventure Films, Inc. a motion picture called KUKAN. Our Foreign Department recommends that we return this picture to the producer for all territories except England and Portugal, provided we can get a proper release from Adventure Films, Inc. Mr. Mills moved that the picture be returned to the producer provided we get a proper release. Mr. Agnew seconded the motion and it was carried unanimously.

10. S.I.M.P.P.

The Chairman stated that he received a letter from Miss Pickford to the effect that Donald Nelson will be here sometime during the Christmas holidays. Mr. Mills moved that the Board renew its invitation to Mr. Nelson to address the Board at its next regular meeting and advise us what we would get for our contributions to S.I.M.P.P. Mr. Agnew seconded the motion and it was carried unanimously.

11. PRODUCTION REPORTS

The Chairman then distributed to the directors present the following reports which were received from Mr. Bagnall.

1. List of pictures in preparation with tentative starting dates.
2. List of pictures delivered and unreleased and pictures in production.

12. EDWARD SMALL

The Chairman stated that Mr. Small's representative is coming to New York to advise the corporation on what terms and conditions Mr. Small will continue with United Artists Corporation.

13. FINANCIAL REPORTS

There were then distributed to the directors present the following reports:

Estimated World-Wide Profit and Loss for the 43 weeks ending October 27, 1945.

Condensed Operating Statement (Foreign only) for the 43 weeks ending October 27, 1945.

Monthly Cabled Report for the 43 weeks ending October 27, 1945.

Tentative Consolidated Balance Sheet and Tentative Consolidated Income Statement as at September 29, 1945 (with certain exceptions).

14. PHILIP F. SIFF

Mr. Kramer stated that in view of Mr. Siff's governmental jaunt to the Orient, Mr. Siff wishes to resign at the close of this meeting. Mr. Kramer moved that Mr. Siff's resignation be accepted as at the close of this meeting and at the same time Mr. J. Leonard Case be elected in his place. Mr. Agnew seconded the motion and it was carried unanimously.

At this point Mr. Pennypacker asked to be excused and left the meeting.

15. REDUCTION IN EXPENSES

Mr. Sears pointed out that at the last regular meeting Management was directed to cut expenses 10%, it being left to Management where the cuts are to be made, budgets to be prepared accordingly. Mr. Sears stated that upon further study he decided that he could not accomplish such a reduction. He is willing to give a budget and one that is within reason but, with two new distributing companies and the competitive situation for man-power and the fact that traveling expenses cost more money than heretofore and his opinion that he must render a service to the producer, he feels that the cost of distribution next year will be relatively more expensive rather than less expensive. He stated that he felt that the way that the company could make money was by owning pictures.

16. GRADWELL L. SEARS

Mr. Sears stated that his contract terminates one year from January 1, 1946. Under his contract he has no contact with the stockholders and is subject to the Board of Directors. He is taking this opportunity to tell the Board formally of his contract expiration. He is curious to know if the company has an intention of renewing the contract. Mr. Gold has now resigned officially and there are therefore two major vacancies in the company which he will fill with the best available man-power within the organization. Even in promotiong man-power within the organization, it is difficult to get such man-power to accept positions unless they know that a so-called regime is going to continue to exist. If the company wants a whole new regime, perhaps the present is the time to plan it. Mr. Sears

stated further that he realizes the treatment accorded to him while he was in the hospital and would consider himself an ingrate if he did not take the matter up with the company first before making a deal elsewhere. In filling the vacancies, he does not want to be accused of making temporary appointments. Even if his contract is not renewed, he would give everything he has to the company right down to the 365th day of next year. Mr. Sears then left the meeting. In a discussion of Mr. Sears' contract, various directors stated that they heard nothing from the owners which would indicate that the owners were not desirous of having Mr. Sears' contract extended. The consensus was that this matter should be taken up with the owners.

17. CANADIAN MOTION PICTURE DISTRIBUTORS ASSOCIATION

The Chairman stated that a six months' notice of resignation was given to the Canadian Motion Picture Distributors Association but our Manager in Canada urged that we maintain our membership in the Canadian organization. The cost is only $92 per month and it renders a different type of service than the Hays Organization. It was the opinion of the meeting that this membership should be continued.

18. MINUTES OF NOVEMBER 13TH MEETING

Mr. Mills moved to strike out the last sentence of Item 4 relating to the Los Angeles theatres. Mr. Cole seconded the motion and it was carried unanimously.

Mr. Kramer pointed out that with respect to Item 6, Company Owned Pictures, that although Management was authorized to negotiate in respect of the possible sale to Mr. Schaefer, it was made perfectly clear that the price of $1,000,000 was considered entirely out of line and that the sole

basis upon which the Management was authorized to proceed was if an offer substantially in excess of $1,000,000 could be obtained. It was agreed that the minutes should be clarified in this respect.

The meeting then adjourned.

Edward C. Raftery, Chairman

Harry J. Mulier, Secretary

SERIAL TWS | CHECK CLASS OF SERVICE DESIRED

TELEGRAM

CO.

Send the following message subject to your terms and charge to _____

DECEMBER 12, 1946

THE FOLLOWING WIRE IS TO BE SENT BY WESTERN UNION TO THE NAMES AND ADDRESSES LISTED BELOW.

Isaac A. Pennypacker, c/o Pepper, Hamilton, Stokes & Scheetz, ~~1500-02 Land Title Bldg.~~, Philadelphia, Pa.
Franklin Gale, 120 Broadway, N.Y.
Neil F. Agnew, Vanguard Films, Inc. 460 Madison Ave., New York, N.Y.
Milton A. Kramer, c/o White & Case, 14 Wall St., New York, N.Y.
Philip F. Siff, 181 Riverside Drive, New York, N.Y.
Sydney Chaplin, ~~c/o Chaplin Film Corp.~~ 1416 No. San Vicente Ave., Los Angeles, Calif.
H. Claude Hilly, ~~630~~ Fifth Avenue, New York, N.Y.
Max Dunmat, c/o Ehiel & Loeb, 60 East 42nd Street, New York, N.Y.

A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF UNITED ARTISTS CORPORATION WILL BE HELD ON THURSDAY, DECEMBER 20 AT TWO P.M. AT THE OFFICE OF THE CORPORATION AT 729 SEVENTH AVENUE, NEW YORK, N.Y. TO RECEIVE REPORT ON ENGLISH SITUATION FROM SHARK AND BATTEY AND FOR SUCH OTHER AND FURTHER BUSINESS AS MAY COME BEFORE THE MEETING. THIS MEETING WILL TAKE THE PLACE OF THE REGULAR DECEMBER MEETING.

HARRY J. MILLER, ASST.SECRETARY

HJM:S

Copy:

UNITED ARTISTS CORPORATION LTD.,
Film House, Wardour Street,
London, W.1.

12th December, 1945

Robert Kane Esq.,
3, Grosvenor Square,
London, W.1.

Dear Bob,

As a result of conversations held this afternoon at your apartment between the following parties:- Bob Kane, John Sutro, Grad Sears, David Coplan and myself, it was agreed we exchange letters.

You agree to produce a feature picture in England, the principal photography of which would commence not later than August 1st, 1946 and which would be completed not later than January 1st, 1947, and grant distribution to United Artists Corporation Ltd. of same in the United Kingdom and Eire only, you to pay for prints and advertising and United would charge a 20% (twenty percent) fee for distribution.

If you produce and deliver the British picture as aforesaid, then we agree to distribute throughout the world, one feature to be produced by you in the United States and charge the following distribution fees:-

27½% (2½% deferred)	United States, England, Canada.
50% ...	... South America.
40% ...	... Rest of World.

As to both pictures it was agreed United shall have approval of stories.

We shall notify you as soon as the Boards have approved the above.

If the foregoing represents your understanding, kindly let us know by return mail.

With kind regards,

Very truly yours,

(sgd) Ed Raftery
Edward C. Raftery.

Formal Contracts will be prepared as soon as Boards approve.

Copy:

NEW WORLD PICTURES LTD.,
3, Grosvenor Square,
London, W.1.

December 13th, 1945

My dear Ed,

This is in confirmation of your letter of the 12th December. However, we wish that you would understand that, for the picture to be made for distribution in England and Eire alone, the contract is to be drawn with Ortus Films, Ltd., and for the picture to be made in America, the contract is to be drawn between Robert T. Kane and a company to be organized.

It is further desired that this understanding for one picture is to be continued for such additional pictures as we are able to submit to you if everything is equal. In explanation, it is the desire of both Mr. Sutro and his Company, and myself and my Company for a continuation of our association with you, if the circumstances prove satisfactory to all parties.

Furthermore, insofar as the American picture contemplates a much bigger scope, purchase of story and acquisition of cast and on other contractual relations would call for greater preparation, it is suggested that this picture be not dependent upon the completion and delivery of the English picture, but upon your Managing Director's assurance that he is satisfied that the picture has proceeded far enough to be completed.

We will await the approval of your Board and the formal contracts to follow.

ORTUS FILMS, LTD.

(sgd) J.R.Sutro
John Sutro, Managing Director.

NEW WORLD PICTURES LTD.

(sgd) Robert T.Kane
Robert T.Kane, Chairman and Managing Director.

Mr. Edward C. Raftery
United Artists Corporation Ltd.,
Film House,
Wardour Street, W.1.

MEMORANDUM FOR THE BOARD OF DIRECTORS
AND OWNERS OF
UNITED ARTISTS CORPORATION
::::::::

New York, December 18,1945

Messrs. Sears and Raftery returned to the United States on December 17,1945, Mr. Sears having spent four weeks, and Mr. Raftery three weeks, in London, in connection with the company's business.

The round trip was made by air.

At the outset, living conditions in England are intolerable. In connection with diet, there is no fruit, milk, eggs, butter and practically no meat. To be in complete accord with the natives each of the above executives had the usual attack of food poisoning, requiring medical attention.

We report the following:

.....

BOOKING SITUATION: An impasse had been reached between Rank and Davis of Odeon and United Artists Corporation, Ltd. Meetings were held between Messrs. Rank, Davis and Sears, one of which Mr. Raftery attended.

As a result of such meetings a sufficient amount of playing time has been reserved and set aside for the exclusive showing of United Artists pictures for the entire year of 1946, more than ample to absorb all the United Artists releases; the playing time to be equally divided between Odeon and British-Gaumont circuits. This reservation relatively is a better reservation than any American or English distributor has in the United Kingdom. We consider this a complete victory for United Artists.

ENGLISH PRODUCTION: At the present time there is a tremendous scarcity of studio facilities in England. The only studio that seemed to have facilities was the British National Studio at Elstree. Consequently a series of negotiations were had with Mr. Lee Jackson, the Managing Director of that particular studio and also a 50% owner in British National which produces exclusively at the studio.

In addition, he is 100% owner of the Anglo-American Distributing Co. which distributes British National pictures in the United Kingdom. A sine qua non in the negotiations would be the purchase of the Anglo-American Distributing Co. which has given deferred distribution in the United Kingdom to British National Pictures since 1937.

It was for this reason that Messrs. Sears and Raftery cabled the Board for an approval "in principle only" on these two points, because it would be useless to proceed with negotiations if the Board would not be in favor of this principle.

After the Board approved in principle the negotiations were resumed, and were terminated by Messrs. Sears and Raftery when it was evident that a satisfactory deal could not be worked out. At the sametime negotiations were carried on with Mr. Robert Kane and Mr. John Sutro. Kane, no doubt will be known to many members of the Board and to all of the owners - as an old timer in the picture business. Sutro is one of the original financiers behind London Films and recently has been associated with Sidney Box in the production of a picture called THE SEVENTH VEIL, which is a big hit in London.

These negotiations resulted in an exchange of letters, copies of which are annexed to this memorandum.

This one picture to be produced in England will take care of all United Artists quotas up to and including April 1,1947. The letters in-

dicate the parties present at the negotiations and the owners and the Board can see that the negotiations results in overcoming the Rank formula of financing.

Under Rank's method of financing the producer puts up nothing. George Archibald, head of Rank's independent set-ups, describes the Rank method of financing as complete financing plus a bonus for any producer who will produce under the Rank banner. It violates every principle under which United Artists does business in America.

Under the proposal with Sutro and Kane, they finance the picture completely. We take the picture for distribution in the United Kingdom only and receive 20% from the first dollar with no contribution for prints or advertising on the part of the distributor.

This is the first instance of its kind since Rank commenced production financing and we believe it is the beginning of a permanent association that will take care of our quota problems every year. United Artists Corp.Ltd. sends 5% commission, tax free, to America, of the gross of every American made picture. This commission is for servicing. It is not permitted to send this percentage on British made pictures.

We therefore consider 20% adequate distribution fee for a picture of this character.

We receive the full double quota rights which refer to the credits for producing the English production in America is more than sufficient to take care of our quota for the period commencing April 1,1946 and ending April 1,1947. We consider this as perhaps the outstanding job done on our trip,- that is, the breaking of the Rank financing formula.

CONVENTION: Messers. Sears and Raftery attended the General Sales Meeting and the Dinner - (pictes and silverware - but we avoid meeting the food).

which Convention was held on December 8,1945. The English company will do approximately $7,200,000 during the calendar year of 1945. Only once, in the history of the company, has it exceeded this figure. Only one British picture was handled so it is by far the biggest year on American pictures in the British market, United Artistswise.

The members at the Convention were addressed by Messrs. Raftery and Sears and after being sincerely thanked for their loyalty and cooperation during the war period, it was made clear to each and every member of the personnel that they are working for an American company and that their primary job was the distribution of independently produced American made pictures.

In passing, it may be noted that the English company has the biggest backlog of unreleased American made pictures in its history and this company has a big job to do during 1946 to get them all released at regular intervals.

The market is pretty well flooded with British pictures and every effort is being made by the press, by the Government and by propaganda to concentrate the English public on seeing its British pictures rather than superior American made pictures.

In the many adverse criticisms on CAESAR & CLEOPATRA the critics and editorial writers went out of their way to point out that CAESAR & CLEOPATRA followed the vulgar Hollywood formula rather than the talk-talk talk idiom of English production.

These British pictures are jamming the British studios and are generally doing fine business in the British theatres. However, practically all of them are wholly unsuited for the American market or for other world markets. Their production costs are very high and they are generally unable to recoup production costs in the British market.

This latter reference is primarily to the pictures produced with Rank financing and it is only a question of time when the mounting losses

in British production must result in a general shutdown of this type of British production, thus closing studio facilities and affording an opportunity for quality British production.

There is one picture in production now with an all colored cast that will cost in excess of half a million Pounds.

TWO CITIES productions such as BRIEF ENCOUNTER and others, have exceeded $300,000, and a successful British picture cannot gross in excess of $200,000 in the British market so the losses may ultimately be terrific.

We, therefore, recognizing that we are essentially an American company selling American production, should strive as far as possible to obey the quota law with as little assumption of risk as possible not only on our part but on the part of any English producer who makes quota pictures for us.

CAESAR & CLEOPATRA: This is the most costly picture ever produced. Its cost with prints and advertising, will run up to $6,000,000. Messrs.Sears and Raftery saw the picture twice - once prior to the opening and then at the gala premiere at the Marble Arch Odeon, on December 13,1945.

It is one of the most lavishly mounted pictures ever made. It has all the pageantry and color of BEN HUR. It lacks love interest and features Julius Caesar as a relatively old man. It is our considered opinion that the picture has a definite chance for a big gross in the American market.

The gala premiere was attended by Queen Mary and as loud a coughing audience as has ever been gathered in any theatre. The audience was completely unenthusiastic. The press, on the picture, was terrible.

In fact, the criticism was directed primarily at the excessive cost of the picture and at Messrs. Rank and Pascal, one critic observing that four or five typically English pictures could have been made for less

than the cost of this lavish spectacle and during the sametime that the studios were engaged on this one picture.

Another critic said it was as vulgar as BEN HUR. During the same week the critics unanimously panned such American productions as THEY WERE EXPENDABLE (a John Ford production for MGM), THRILL OF ROMANCE (MGM) and Danny Kaye in WONDER MAN (Goldwyn RKO release) referring to them as banal, vulgar, typically American, etc.

Let us hope that the vulgarity of BEN HUR is reflected in the box-office returns of CAESAR & CLEOPATRA in America because we do not believe the picture will be supported to the degree it deserves in the British market. At any rate United Artists is determined to do a great job on this picture in America.

....

FRENCH COMPANY: Messrs. Sears and Raftery were unable to get round trip transportation from London to Paris. Therefore Mr. Rouvier, the Managing Director of the French Company was brought to England and a series of meetings were held with him. Each of his problems was discussed and many of them brought back to the United States for future determination.

.....

Another matter that was put in work was the question of separating the Irish operation from the English and have our funds transmitted direct from Dublin to the United States rather than through England. Ireland's position fiscally is much better than England's. It may be necessary to form a company under the laws of Eire to handle our Eire distribution. Counsel and accountants are working on this problem now. Reports will be forthcoming in due course.

.....

The exhibition business in England is excellent notwithstanding the curtailed showings. Theatres open at 10.30 o'clock in the morning on weekdays and close about 9.30 P.M. On Sundays, they open at 3.30 P.M., and close at 9.30 P.M.

The standard of living is generally very low and the cinema is practically the only amusement the public can afford. It isthe general opinion that living conditions are worse now than they were during the blitz or buzz bombing and there does not seem to be any great disposition on the part of the Government to better these living conditions.

Many of the speeches in the House of Commons, during our stay, were very hostile to all things American. It is the general opinion that if there was a Referendum on the U.S. loan to Britain the people would vote against it as they feel America should make a full and complete present of this money to England because England endured the hardships of the war longer than the United States.

The press is generally hostile to things American particularly American motion pictures. There is a crime wave in England at present and practically every report on a vicious crime makes some reference to the American character of the crime - such as the robbers having escaped in an American made car, - the methods were methods of Capone or other Chicago gangsters, - typical of crimes of the Hollywood cinema.

Notwithstanding the hostile press the British still go to see American made pictures. As above stated, Danny Kaye's WONDER MAN received a universal rap from all the critics yet there were lines at the Leicester Square Theatre for all performances while the same critics praised the British opus called PINK STRING AND CEILING WAX starring Googie Winters -

yet the crowds did not flock to the Tivoli to be amused by this horror picture.

However, notwithstanding the above, it is the general opinion there will be no freezing of American funds if the American loan is made to the British but we should expect increase in both exhibitor and renters quota after April 1,1946. We therefore must continue to license our American made pictures in the United Kingdom on the best terms possible.

.....

We feel that we had a very successful and difficult trip and have put the English house in order.

:::::::::

RESPECTFULLY SUBMITTED.

Scanned from the United Artists collection at the Wisconsin Center for Film and Theater Research.

Digitization and post-production completed in the University of Wisconsin-Madison's Department of Communication Arts, with funding from the Mary Pickford Foundation.

www.marypickford.org

www.mediahistoryproject.org